



49th

ANNUAL REPORT

2016-17



V.S.T. TILLERS TRACTORS LTD.



LORD GANESHA



**Idol of Lord Ganesha at
VST Tillers Tractors Limited**

Board of Directors	: Mr. V.K. Surendra	- <i>Chairman</i>
	Mr. R. Subramanian	- <i>Independent Director</i>
	Mr. M.K. Bannerjee	- <i>Independent Director</i>
	Mr. K.M. Pai	- <i>Independent Director</i>
	Ms. Siva Kameswari Vissa	- <i>Independent Director</i>
	Mr. V.P. Mahendra	- <i>Vice Chairman & Managing Director</i>
	Mr. V.V. Pravindra	- <i>Non-Executive Director</i>
	Mr. V.T. Ravindra	- <i>Non-Executive Director</i>
	Mr. R.Thiyagarajan	- <i>Whole-time Director - Resigned w.e.f. 31/03/2017</i>
Chief Executive Officer	: Mr. K.U. Subbaiah	
Chief Financial Officer	: Mr. R. Thiyagarajan	
Company Secretary and Compliance Officer	: Mr. Chinmaya Khatua	
Statutory Auditors	: M/s. K.S.Rao & Co Chartered Accountants Flat No. 505, Golden Green Apartments, Irrum Manzil Colony, Hyderabad - 500 082	
Internal Auditors	: M/s. Brahmayya & Co., Chartered Accountants 10/2, Khivraj Mansion, Kasturba Road, Bengaluru - 560 001	
Cost Auditors	: M/s. Rao, Murthy & Associates No. 23/33, Surveyor's Street Basavanagudi, Bengaluru - 560 004	
Secretarial Auditors	: M/s. K. Narayana Swamy & Co "Amudhasurabi" # 48, 8th Cross, Visvesvaraya Colony Akash Nagar, B.Narayanapura Extn., Bengaluru - 560 016	
Bankers	: M/s. Canara Bank, Contonment Branch, M.G. Road, Bengaluru - 560 001 M/s. State Bank of India, SME Branch, Mahadevapura, Bengaluru - 560 048	
Regd. Office	: Plot No.1, Dyavasandra Industrial Layout, Whitefield Road, Mahadevapura Post, Bengaluru - 560 048 Ph : 080-67141111 e-mail: vstgen@vsttillers.com website: www.vsttillers.com	

INFORMATION

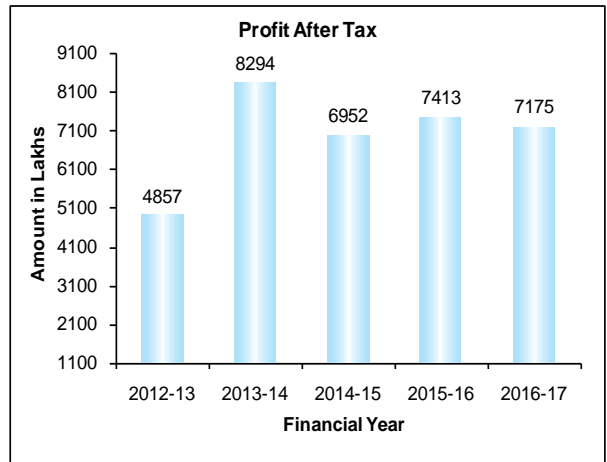
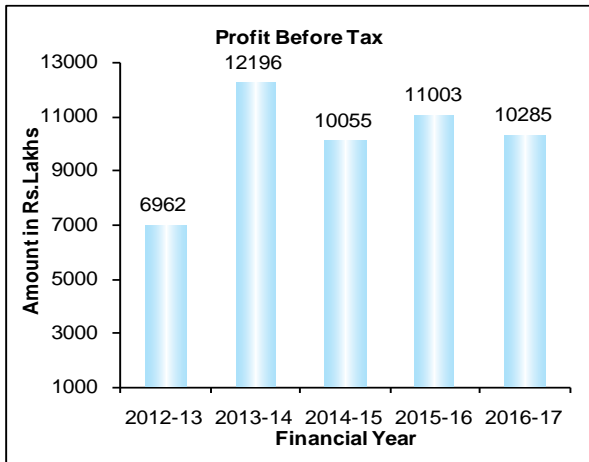
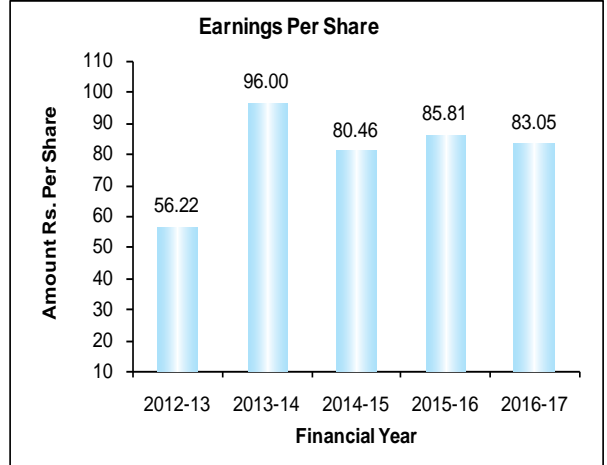
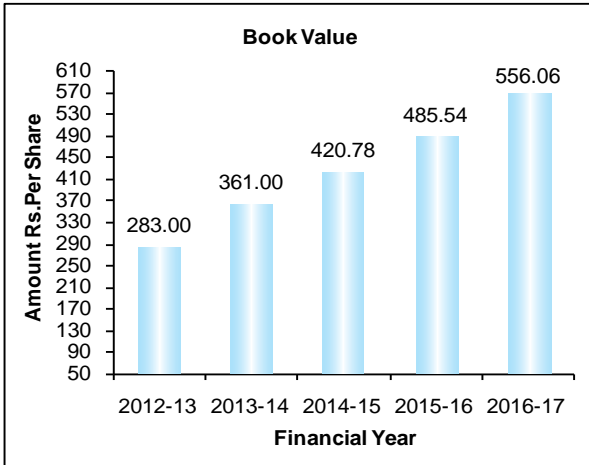
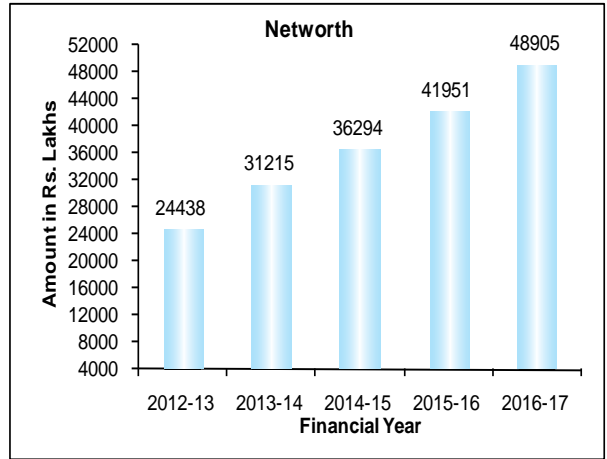
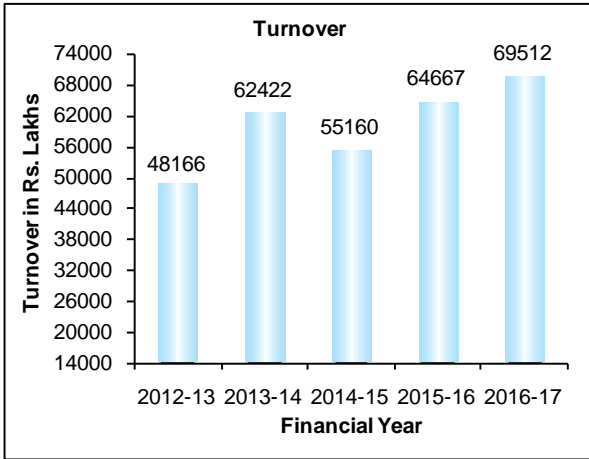
REQUEST TO MEMBERS

1. Please bring your copy of the Annual Report to the meeting as no extra copies will be distributed owing to limited number of copies printed.
2. Members are requested to send their queries, if any, relating to the annual accounts and reports atleast one week prior to the date of meeting to facilitate computation of information.
3. Members/their proxies/representatives are advised to bring their Attendance Slip duly filled in for attending the meeting.

Contents

Directors' Report	-	04
Report on Corporate Governance	-	30
Auditors' Report	-	42
Balance Sheet	-	48
Statement of Profit and Loss	-	49
Cash Flow Statement	-	50
Notes forming part of Financial Statement	-	51

FINANCIAL INDICATORS



Dear Shareholder,

Your Directors have pleasure in presenting the 49th Annual Report of the Company and the audited statement of accounts for the year ended March 31, 2017.

FINANCIAL PERFORMANCE

(Rupees in lakhs)

Period	Year 2016-17	Year 2015-16
OPERATING INCOME	69512	64667
NON-OPERATING INCOME	1560	1227
TOTAL INCOME	71072	65894
PROFIT BEFORE DEPRECIATION, FINANCE COST & EXTRAORDINARY ITEM	11434	12513
FINANCE COST	298	256
DEPRECIATION	1181	1254
EXTRA ORDINARY ITEM	331	-
PROFIT BEFORE TAX	10285	11003
INCOME TAX	3110	3590
PROFIT AFTER TAX	7175	7413
BALANCE B/F	10823	5166
SURPLUS AVAILABLE FOR APPROPRIATION TO FINAL / INTERIM DIVIDEND	17998	12579
TAX ON DIVIDEND	-	1296
CSR EXPENDITURE	222	196
BALANCE CARRIED FORWARD	17776	10823

COMPANY'S PERFORMANCE

The year under report was partially impacted with drought in States of Karnataka, Tamil Nadu and Kerala. In other parts of the country the monsoon was normal during the season. Structural changes in the subsidy schemes in few States, change over to DBT schemes and price fixation delays impacted the sales of Power tillers during the year 2016-17.

The number of Power Tillers sold in during the year was 25,515 units as against the previous year sale of 27,387; registering an adverse growth in sales of 6.8%, while the industry as a whole shrunk by 10.6%. However, your market share moved up to 59%.

Your company registered a recordable growth in Tractor numbers. We sold 9,635 tractors as against 7801 tractors in 2015-16 registering a growth of 23.5% in the compact segment in comparison to 1% industry growth in the compact segment. Your company market share in the compact segment moved from 13.2% in 2015-16 to 16.5% in 2016-17.

Your company will be investing around Rs.80 crores in new product development over next 4 years. The company will launch new Tiller variants and Tractor variants. During the year 2016-17 your company launched the 27 HP Viraat Tractor model to the market which made us represent in the 21-30 HP compact segment category which otherwise we were not present. We also launched the 17 HP single cylinder tractor 'VST SHAKTI SAMRAAT' and the upgraded version 'VST SHAKTI VIRAAT PLUS' in April 2017. Both these models are with 8+2 constant mesh gear box. The enhanced marketing campaign to reach out to end users and offering innovative & affordable farm mechanisation solution enabled us to grow during the year.

Your Company has been successfully running more than 75 Custom Hiring & Service Centers under the scheme launched by the Government of Karnataka. Small farmers and marginal farmers are taking the farm equipment on lease through these Custom Hiring & Service Centers.

Your company has planned to invest around Rs.150 crores which includes new product development (Rs.80 crores), plant infrastructure and machinery over the next 4 years.

DIVIDEND:

The Board has recommended final dividend of Rs.15(150%) per share for the financial year 2016-17 and the same will be disbursed on or after 14th August 2017. The total outflow will be Rs.1560 lakhs including the dividend distribution tax of Rs. 264 lakhs, if approved by the shareholder at the 49th AGM.

Transfer to reserves

There was no proposal for transfer to general reserve for the year 2016-17.

MANAGEMENT DISCUSSION AND ANALYSIS**Industry – Opportunities & Challenges**

Need of mechanization in agriculture has become a necessity due to limited availability of labour and high cost of labour. The aging population in the agriculture sector needs machines to reduce the manual effort. Your company is in the business of manufacturing and selling machines and attachments for various crop cultivation. The company products target largely the small and marginal farmers who account for more than 70% of the land holding. Also, there is necessity to increase the productivity in agriculture through mechanization and shortage of rural labour force continues to be the key driver for business growth. Moreover, the income of our farmers need to increase with increase in productivity in the land size that they own. There is lot of opportunity to support the farmers for customized crop solutions. Your company is offering total crop solutions to the farmers at competitive pricing which will assist in growing the business. The company has developed packages for various crops like Paddy, Cotton, Sugarcane, Horticulture, Grapes etc. for Compact tractors and Power tillers.

Delays in subsidy schemes announcement by the State Government, bureaucracy associated with the administration of schemes, weak Monsoon etc. continues to be the challenge for your company.

Entry of more and more competition tractors in the compact segment is demanding your company to

come out with more and more variants to counter the competition.

RISK & CONCERN

The Central as well as State Governments are encouraging more and more Custom Hiring Centres to support the marginal and small farmers. This movement can impact the sales of Tillers and Tractors to the farmers as they may use the machines available in the Custom Hiring Centres on hire. Major portion of Power Tillers are sold under government subsidy schemes. In case the subsidy allocations are reduced it can adversely affect the demand for these products. Most State Governments are switching over to DBT scheme for subsidy which would mean without good retail finance support available for the farmers they will not be able to buy the Tillers.

Your company fully endorses the call to “Make in India”.

CURRENT YEAR OUTLOOK

With prediction of normal monsoon and continued focus on farm mechanisation by the Government. We expect our revenue growth will be on par with the overall industry growth.

DETAILS OF DIRECTORS APPOINTMENT/ REAPPOINTMENT AND RESIGNATION:

In accordance with the provisions of the Companies Act, 2013 Mr. V V Pravindra (00239888) Non-Executive Director of the Company will retire at the ensuing AGM and is eligible for reappointment.

Mr.V.T.Ravindra (DIN: 00396156) has been appointed as Non-Executive Director of the Company with effect from 27/05/2016

Ms.Siva Kameswari Vissa (DIN: 02336249) has been appointed as Independent Director of the Company with effect from 29/07/2016.

Ms. K P Anuradha (DIN : 07214890) has resigned from Independent Director of the Company with effect from 01/08/2016.

Mr. R.Thiyagarajan (DIN: 06906198) has been appointed as Whole-time Director of the company w.e.f 19/10/2016 and has resigned from the directorship of the Company with effect from 31st March 2017.

During the year, no non-executive director had

any pecuniary relationship or transactions with the Company other than the sitting fees and reimbursement of expenses incurred by them for attending meetings of the Company.

KEY MANAGERIAL PERSONNEL (KMP)

The following persons are Key Managerial Personnel (KMP) of the Company under section 203 of the Companies Act, 2013. There is no change in KMP during the year 2016-17.

1. Mr. V.P. Mahendra - Vice Chairman & Managing Director
2. Mr. R. Thiagarajan – Chief Financial Officer
3. Mr. Chinmaya Khatua - Company Secretary

CORPORATE GOVERNANCE:

The Company strives to ensure good in Corporate Governance and levels of transparency with all the provisions of SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015. A certificate from the Auditors to this effect forms part of Corporate Governance Report.

DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to subsection 5 of Section 134 of the Companies Act 2013, the Directors confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the annual accounts on a going concern basis;

- (e) they, have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

Based on the internal financial controls and compliance system established and maintained by the Company, the Board is of the opinion that the Company's internal financial controls were adequate during financial year 2016-17.

AUDITORS:

M/s. K.S. Rao & Co, Chartered Accountants (Firm Regn No. 003109S) were appointed as Auditors of the Company for five financial years w.e.f FY 2016-17, at the 48th Annual General Meeting of the Company.

COST AUDITORS:

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company is required to be audited. Your Directors had, on the recommendation of the Audit Committee, appointed M/s. Rao, Murthy & Associates, Cost Accountants to audit the cost records of the Company for the financial year 2017-18 on a remuneration of Rs.2 lakhs (Exclusive of applicable taxes) plus out of pocket expenses. As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the Members in a general meeting for their approval. Accordingly, a Resolution seeking Member's approval for the remuneration payable to M/s. Rao, Murthy & Associates., Cost Auditors is included in the Notice of the Annual General Meeting.

INTERNAL AUDITORS

M/s.Brahmayya & Co, Chartered Accountant were appointed as Internal Auditors under section 138 of the Companies Act, 2013 for the financial year 2016-17.

SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the

Companies Act, 2013 and read with Rules made thereunder, the Company had appointed M/s. K Narayana Swamy & Co., Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the financial year 2016-17. The Secretarial Audit Report is enclosed herewith as Annexure-4.

PARTICULARS OF EMPLOYEES:

As required by provisions of section 197 of the Companies Act, 2013 read with Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, except Mr. V.P. Mahendra, Vice Chairman & Managing Director and Mr. K.U. Subbaiah, Chief Executive Officer, the details of which are given in Annexure-1, there are no employees who draw remuneration as set out in the aforesaid provision of the Companies Act, 2013.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information under Section 134 Companies Act, 2013 read with rule 8 (3) of the Companies (Accounts) Rules, 2014 is enclosed as Annexure-2.

DEPOSITS:

Your Company has not accepted any deposits within the meaning of Chapter- V of the Companies Act, 2013 and rules made thereunder.

Internal Control System and their Adequacy

The Company has put in place adequate internal financial controls over financial reporting Systems commensurate to the nature of its business and complexity of its operations. These are regularly tested for their effectiveness by Statutory as well as Internal Auditors with focused attention on validation of I T. Security.

The Company periodically conducts physical verification of inventory, fixed assets and cash on hand and matches them with the books of account. Explanations are sought for any variance noticed from the respective functional heads.

The Significant observations made by the Auditors and follow up actions there on reported to the Audit Committee. The Audit Committee reviews the adequacy and effectiveness of the Company's Internal Control Environment and monitors the implementation of the Audit recommendations.

Industrial Relation

Industrial relations have been cordial at the Bengaluru, Mysore and Hosur plants during the year.

Your company has taken appropriate steps to build organizational capability which will enable the long term growth plans.

Forward-Looking Statements

Statements in this release that are "forward-looking statements" are based on current expectations and assumptions that are subject to risks and uncertainties.

Actual results could differ materially from those either expressed or implied due to factors such as Raw material prices, Government policies, Competition, tax regime, market acceptance of new products and services, continued acceptance of existing products and services, changes in licensing programs, product price discounts, delays in product development and related product release schedules, sales and vendor channel disruption.

All information in this release is as of May 25, 2017, The Company undertakes no duty to update any forward looking statement to conform the statement to actual results or changes in the company's expectations.

Board Meeting

Six meetings of the Board of Directors were held during the year. For further details, please refer report on Corporate Governance of this Annual Report.

Declaration of Independent directors.

The Company has received declarations from Independent directors as mentioned in sub-section (6) of section 149 of the Companies Act, 2013.

Committees

The Company has constituted Audit Committee, CSR Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Risk Management Committee. The details of the Committees are mentioned in Corporate Governance Report.

Vigil Mechanism

The purpose of this policy is to provide a framework to promote responsible and secure whistle blowing. It is to protect employees wishing to raise a concern about serious irregularities within the Company.

The Company has vigil mechanism to deal with instance of fraud and mismanagement, if any. The details of the vigil mechanism are explained in the Corporate Governance Report and also posted on the website (www.vstillers.com) of the Company.

Auditors qualification, reservation or adverse remark or disclaimer.

The Statutory Auditors have given a “clean report” without any qualification, reservation or adverse remark or disclaimer except as mentioned in Clause 2 (g)(iv) of the Auditors Report. The Secretarial Auditors have made the following observation.

“There was an imbalance regarding constitution of the Board which was duly communicated to the Stock Exchanges and the same was restored during the year under review.”

No fraud has been reported by the Auditors under section 143 (12) of the Companies Act, 2013.

Loans, Guarantee & Investment

The Company has given loan and made investment during the year 2016-17. However, the investments and Loan formed part of the notes to the financial statements provided in this Annual Report. The company has not given any Guarantee during the year 2016-17.

Related Party Transactions

All related party transactions that are entered into during the financial year were on an arm's length basis. There are no materially significant related party transactions made by the company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee and also before the Board for approval. Prior omnibus approval of the Audit

Committee was obtained for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their information and approval. The policy on dealing with Related Party Transactions as approved by the Board can be accessed at http://www.vstillers.com/sites/default/files/policies/policy_on_related_party_transc.pdf

Material changes and commitments affecting the Financial Position

There are no material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report;

Risk Management Policy

The Company is having a risk management policy. The risk pertaining to business of the Company is discussed at the Audit Committee and at the Board Meetings on regular basis.

There are no risks which in the opinion of the Board threaten the existence of the Company. However, some of the risks which may pose challenges are set out in the Management Discussion and Analysis which forms a part of this report.

The Committee composition :

Mr. M.K. Bannerjee, Chairman, Mr. V. K. Surendra, Member, Mr. K.M. Pai, Member, Mr. V.P. Mahendra, Member

The details of the policy are given below:

Risk Category	Risk Description	Mitigation
Industry Risk	<p>Concentration on Agri Business</p> <p><u>Specific Risks are:</u></p> <ul style="list-style-type: none"> - Industry Downturn in Agri Industry will adversely affect business - Strong competition and ability to market models faster. <p>High focus on specific Segment</p> <p><u>Specific Risks are:</u></p> <ul style="list-style-type: none"> - Business will be adversely affected when Agri segment experiences sluggish growth - Highly dependent on subsidy and Govt. policy on Agriculture development. 	<ul style="list-style-type: none"> □ Tapping of wider segments in products and geographies including its aftermarket foot print in the core business □ Explore to releasing new models ahead of competition in the future. 5 year strategic business plan to be formulated. □ Explore & grow businesses in the Engines, Attachments and other Agricultural Machinery, while remaining focused on core business □ Diversification in non-agri segment
Raw Material Risk a. Volatility in Raw material, commodity and fuel prices. b. Single source	<p>a. Volatility in prices of raw materials and commodities may impact our profit.</p> <p>b. Single source purchasing increases the bargaining power of the supplier</p> <p><u>Specific risks are:</u></p> <ul style="list-style-type: none"> - Business disruption - Continuous price escalation by the supplier 	<ul style="list-style-type: none"> □ Vendor rationalization & Commodity based approach in sourcing, leading to focused negotiation to manage prices of raw materials etc. □ Sourcing options to develop alternate sources for all critical single source purchases. □ VA/VE efforts by Engineering resulting in material cost reduction through better designs
Quality & Integrity of the Product	<p>Poor quality or integrity of our products may result in reputation and brand damage, resulting in lower volumes and financial claims</p> <p><u>Specific risks are:</u></p> <ul style="list-style-type: none"> - Poor quality of the products - Increase in Cost of Quality leads to bottom-line erosion - Loss of customers & Lost opportunities in new programs 	<ul style="list-style-type: none"> □ Effective process control □ Supplier cluster programs to improve quality of incoming parts □ Warranty procedure & performance sign off with Suppliers.

Volatility in Currency Exchange Rate	<p>Currency exchange gain or loss will impact the bottom line.</p> <p><u>Specific risks are:</u></p> <ul style="list-style-type: none"> – Increase material cost in case of weakening rupee – Lower revenue realization in case of strengthening rupee against USD 	<ul style="list-style-type: none"> □ Hedging imports through forward contracts □ PCFC¹ to protect exports against currency fluctuation □ Restructuring of credit options for both imports & exports
Demand Risk	<p>Inaccuracy in Sales forecasting leads to poor delivery performance thereby leading to loss of customers</p> <p><u>Specific Risks are</u></p> <ul style="list-style-type: none"> – Excess Inventory – Lower vendor ratings (Mysore plant) – Premium freight – Customer Loss 	<ul style="list-style-type: none"> □ Implementation of IcSoft for big dealers. □ Effective Implementation of demand management in by S&OP. □ Measurement of forecast accuracy to smoothen out demand variation □ Enhance Vendor Managed Inventory
Information Security	<p>Loss of business data, proprietary & confidential information and disruption of processes due to unavailability of robust IT systems, thereby causing financial damage.</p> <p><u>Specific risks are:</u></p> <ul style="list-style-type: none"> – Failure of IT systems thereby business continuity – Susceptibility to Cyber crime 	<ul style="list-style-type: none"> □ Implementation of measures to secure confidentiality and integrity of data □ Ensuring data redundancy by storage in data replication center □ Far site data recovery center, (proposed) □ Robust firewall mechanisms, thereby preventing cyber crimes
Technology Risk	<p>Technological Obsolescence with the changes in technological trends in the Industry</p> <p><u>Specific risks are:</u></p> <ul style="list-style-type: none"> – Loss of Business opportunity, and market share <p>Risks arising through technology partnership</p> <ul style="list-style-type: none"> – by disclosure of technology to competition & being a competitor themselves – Inability to provide effective technical solutions <p><u>Specific risks are:</u></p> <ul style="list-style-type: none"> – Threat of competition from technology partner & competitors – Ineffective utilization of Intellectual Infrastructure bandwidth 	<ul style="list-style-type: none"> □ Formulation of technology road map in line with the Industry trends aligning with the 5 year strategic plan. □ Collaborate with leading technology partners to shorten the development cycle stay in sync with the market □ Assessment of the capability of technical partner through a formal diligence process □ Formal engagement model with exclusivity and non-compete provisions in the agreement
People & Organization	<p>Failure to attract with the right skills and talent to seize opportunities, achieve challenging returns and fulfill the strategy</p> <p><u>Specific Risks are:</u></p> <ul style="list-style-type: none"> – Delay in Strategy & project execution & Growth plans 	<ul style="list-style-type: none"> □ Alignment of company performance and employee performance incentives through the effective compensation & benefit structure □ Develop a talent pipeline through an annual talent review process and talent development □ Values culture reinforced through induction, mandatory training, performance management, and employee interaction programs.
Product Liability	<p><u>Specific risks are:</u></p> <p>Product Liability Product Guarantee Financial Loss Product recall</p>	<ul style="list-style-type: none"> □ Availing product liability with recall insurance policy .

¹Packing Credit in Foreign Currency

Corporate Social Responsibility (CSR)

The Company has formed CSR policy and Committee details as required by the Act are available in Company website i.e. <http://www.vststillers.com/investors/policies>. The Company has spent Rs.160 lakhs in CSR activities during the financial year 2016-17.

Evaluation of Board Performance.

The Board works with the nomination and remuneration committee to lay down the evaluation criteria for the performance of executive / non-executive / independent directors through a peer-evaluation excluding the director being evaluated. The evaluation of all the

Directors and the Board as a whole was conducted based on the criteria and frame work adopted by the Board.

None of the Independent Directors are due for re-appointment.

There is no change in nature of the business during the year.

Details of subsidiary, Associate or joint Venture Company.

During the year 2016 -17 there is no change in Subsidiary Associate or Joint Venture Company.

Significant and material orders

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

The ratio of the remuneration of each Director and KMP to the median remuneration of the employees of the company for the financial year as follows:

Sl. No.	Name	Designation	Salary 2016-17 (in Rs)	Salary 2015-16 (in Rs)	Increase in salary	Ratio/Times per Median of employee remuneration
1	Mr.V.P. Mahendra	Vice Chairman & Managing Director (KMP)	77,49,081	77,49,901	(820)	15.20
2	Mr. B.C.S Iyengar #	Whole-time Director	4,52,760	54,23,602	(49,70,842)	(0.89)
3	Mr. R. Thiagarajan*	Chief Financial Officer (KMP)	45,62,423	38,92,170	6,70,253 17.22%	8.95
4	Mr. Chinmaya Khatua	Company Secretary (KMP)	13,89,647	11,28,215	2,61,432 23.17%	2.72

Mr.B C S Iyengar resigned on 30th April 2016.

* Mr.R.Thiagarajan salary details as Whole-time Director and CFO.

The Company's PAT has marginally decreased from Rs. 7413 lakhs to Rs. 7175 lakhs. The increase in KMP remuneration is line with the current market scenario and with Company policy. However salary of Vice Chairman & Managing Director and other Whole-time Directors was approved by the shareholders.

The Company has given about 8.73% average increase in salaries to the employees keeping in view the overall industry standard and interest of the employees. The unionized employees of the Company are getting salary increment as per the terms and conditions of their wage

settlement. There is no exceptional circumstances of increase in the managerial remuneration.

The Company has 633 permanent employees on roll. The Company fixes salary of the employees on the basis of Remuneration Policy of the Company.

Payment of Commission to Managing Director & Whole-time Director.

The Managing Director and Whole-time Directors are being paid commission on net profit of the Company as approved by the shareholders. The commission criteria are given below :

Name	Designation	Commission
V.P. Mahendra	Vice Chairman & Managing Director	One percent on the net profit of the Company subject to a maximum of one and half times of annual basic salary drawn
*B C S Iyengar	Whole-time Director	One percent on the net profit of the Company subject to a maximum of annual basic salary drawn

*Note : Mr.Iyengar resigned as Executive Director on 30th April 2016

Mr K.U.Subbaiah receives remuneration in excess of the highest paid director during the year the details are given in Page No.12

VARIATION IN MARKET CAPITALISATION :

Date	Paid up Capital (in Rs)	Closing Market Price per shares	EPS	PE Ratio	Market Capitalisation (Rs. in crore)
31.03.2016	86395280	1484.50	85.81	17.30	1074.32
31.03.2017	86395280	1800.00	83.05	21.67	1555.12
Increase/Decrease	NIL				
% Increase/Decrease	NIL				
No issue of shares during the year	-	-	-	-	-

Notes : Data based on share prices quoted on BSE.

Internal Complaint Committee under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company has formed Internal Complaint Committee under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and no complaint was received during the year 2016-17.

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis: V.S.T. Tillers Tractors Ltd (the Company) has not entered into any contract/arrangement/transaction with its related parties which is not at arm's length during FY 2016-17.

- Name(s) of the related party and nature of relationship: Not Applicable
- Nature of contracts/arrangements/transactions: Not Applicable
- Duration of the contracts / arrangements/ transactions: Not Applicable

- Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
- Justification for entering into such contracts or arrangements or transactions: Not Applicable
- Date(s) of approval by the Board: Not Applicable
- Amount paid as advances, if any: Not Applicable
- Date on which the special resolution was passed in general meeting as required under first proviso to section 188: Not Applicable

2. Details of material contracts or arrangement or transactions at arm's length basis:

- Name(s) of the related party and nature of relationship: Not Applicable
- Nature of contracts / arrangements / transactions: Not Applicable
- Duration of the contracts / arrangements / transactions: Not Applicable
- Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
- Date(s) of approval by the Board, if any: Not Applicable
- Amount paid as advances, if any: None

on behalf of Board of Directors

V. K. Surendra
Chairman

Place: Bengaluru
Date: 25th May, 2017

Extract of Annual Return

vendors, Bankers and the customers at large.

Extract of Annual Return of the Company is annexed herewith as Annexure-5 to this Report.

for V.S.T. TILLERS TRACTORS LTD.

ACKNOWLEDGEMENTS:

The Directors wish to convey their gratitude for the faith reposed in your Company by employees, dealers,

Place: Bengaluru
Date : May 25, 2017

V. K. Surendra
Chairman

ANNEXURE-1

Information as per Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name	Designation	Remuneration (in Rs)	Qualification & experience	Date of Commencement of employment	Age	Last employment	% of equity share held	Whether relative of Director or Manager
V.P. Mahendra	Vice Chairman & Managing Director	77,49,081	BE (Electrical) having more than 50 years of experience	20.02.1984	74	NA	7%	No
K U Subbaiah	CEO	97,06,414	BE (Mechanical) with over 34 years of experience.	17.08.2015	57	Pricol Ltd	0.0003	No

Note: All the appointments are as per the service contract of the Company and can be terminated by giving notice by either party.

ANNEXURE-2

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

1. Conservation of energy :

As the industry is not a power intensive unit, no capital investment was made during the year 2016-17 and hence no benefit could accrue.

2. Research and Development (R&D) :

a. TRACTORS :

I. 27 HP TRACTORS :

- 27 HP VST SHAKTI VIRAAAT Tractor - variants with additional features like Side Shift, Smart Hydraulics and Narrow Track created and released to Market.

- Upgraded version of 27 HP i.e. VIRAAAT PLUS Conceptualised with advanced technical features like 8+2 constant mesh gearbox, Oil immersed brakes and upgraded 4 cylinder engine. This product has since been launched.

II. 17 HP TRACTOR :

- Single cylinder (17 HP) engine, 2W drive tractor conceptualised with 8+2 constant mesh gearbox and the product has since been launched.

III. EXISTING TRACTOR SERIES 18 & 22HP:

- a. 18.5 HP and 22 HP Tractors were European homologated which opened up the Export Market.
- b. 18.5 HP and 22 HP Tractors are taken up for EU Homologation to new standards which will be effective from 1st January 2018.
- c. 22 HP Tractor upgraded with advanced features like Oil immersed brakes and dry type Air cleaner and has completed the Approval tests at Budni.

IV. COP approval of all Tractor Engines obtained from M/s. ARAI.

b. POWER TILLERS :

I. 135 DI Ultra Power Tiller :

II. Upgraded version of 130 DI Power Tiller with new styling. Phase-1 released, Phase-2 will be introduced during Q3-2017-18.

III. COP Approval for Power Tiller engines obtained from M/s. ARAI.

3. TECHNOLOGY ABSORPTION :

New Engine Dynamometers have been procured and is under installation and commissioning at Tractor R & D Test Lab.

Benefits Derived :

- i. New dynamometers once commissioned has the capacity of testing engines up to 60 HP.
- ii. Design software upgradation has improved our Time of Market and design quality.

4. Application Engineering :

- a. Validation of attachments mounted on our Tractors and Tillers completed, which would enable us to provide total crop solutions to the farming community.

5. Future Plans :

a. TRACTOR

- i. Higher HP 2WD tractor is planned for the year 2017-18.
- ii. Higher HP with various technical features planned for introduction during the year 2017-18.
- iii. Enhancement of features on existing 18 & 22 HP Tractors.

b. POWER TILLER

- i. Release of Higher HP Power Tiller
- ii. Release of Ultra power tiller with further improvements in styling.
- iii. Release of self propelled reaper.

c. Procurement of new Software for R & D

Expenditure on R&D:

The Companies expenditure on R&D (including revenue expenditure) during the year was Rs.4,15,20,840/- (refer note no-34, page no. 70 of Annual Report)

3. Foreign exchange earnings and outgo:

- a) Complete information about exports, which have contributed towards foreign exchange earnings, is given in note no. 36 to the Audited Accounts annexed to this Report. Similarly, details of foreign exchange outgo on account of imports, expenditure on traveling, dividend etc. are shown in note no. 35 & 37 respectively in Notes forming part of Accounts.
- b) Total foreign exchange used and earned:
Foreign exchange earnings : Rs.10,21,67,494/-
Foreign exchange outgo : Rs.10,89,41,658/-

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

The Company has formed CSR policy and Committee during the year and details of CSR policy is available in your Company website i.e. http://www.vstillers.com/sites/default/files/policies/CSR_policy.pdf

Composition of the CSR Committee:

Mr. V.K. Surendra, Chairman
Mr. M.K. Bannerjee, Member (Independent Director)
Mr. V.P. Mahendra, Member
Mr. V.V. Pravindra, Member

Average net profit of the Company for last three financial years:

Average net profit for last three years: Rs.110,93,94,396

Prescribed CSR Expenditure (two percent of the average net profit):

Based on the above, the Company is required to spend Rs.2,21,87,888 towards CSR activities.

Details of CSR spend for the financial year

i. Total amount spent for the financial year- 160 lakhs (out of last year provision)

ii. Amount unspent- Rs.3,39,86,037

iii. Manner in which the amount spent during the financial year is detailed below.

(Please refer note no-32, page no-69 of the annual report)

Sl. No.	CSR Project or Activity Identified	Sector in which the Project is covered	Projects or programs 1) Local area or 2) Specify the State and projects or programs was undertaken	Amount outlay (budget) project program wise	Amount spent of the projects or programme Sub-heads: (1) Direct on projects or programs (2) Overheads:	Cumulative expenditure upto the reporting period	Direct or through implementing agency
1	Educating Children, women, scholarships, etc.	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects	Local Area	100 Lakh	100 Lakh	150 Lakhs (Includes Rs.50 Lakhs spent in 2015-16)	Through Implementing Agency
2	Educating Children, women, scholarships, etc.	To Provide scholarships to deserving students of Technical, Medical, Engineering, Diploma courses etc.	Local Area	50 Lakh	50 Lakh	90 Lakhs (Includes Rs.40 Lakhs spent in 2015-16)	Through Implementing Agency
3	Enhance livelihood of the physically disabled.	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects	Local Area	10 Lakhs	10 Lakhs	15 Lakhs (Includes Rs.5 Lakhs spent in 2015-16)	Through Implementing Agency

Reason for not spending :

As the process of identifying potential recipients has taken time, the Company had not disbursed the applicable CSR spend.

Responsibility Statement :

Implementation and monitoring of CSR Policy, is in

compliance with CSR Objectives and policy of the Company.

Sd/-
V.P. Mahendra
Vice Chairman &
Managing Director
Date: 25th May 2017

Sd/-
V. K. Surendra
CSR Committee
Chairman

ANNEXURE-4

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2017

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,
VST Tillers Tractors Limited

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by VST Tillers Tractors Limited (hereinafter called 'the Company' CIN: L34101KA1967PLC001706). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 which were made available to us according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

- IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), viz.,
 - (a) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with clients;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
 - (c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In this regard, we state that during the period under review there were no events/actions in pursuance of:

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

- (f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

VI. We further report that we have examined compliance of the following industry specific laws as applicable to the Company in accordance with the guidelines issued by the Institute of Company Secretaries of India (ICSI):

1. The Environmental Protection Act, 1986.
2. The Water (Prevention and Control of Pollution) Act, 1974.
3. The Air (Prevention and Control of Pollution) Act, 1981.
4. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2015.
5. The Factories Act, 1948.
6. Industrial Disputes Act, 1947.
7. Industrial Employment (Standing Orders) Act, 1946.
8. Payment of Bonus Act, 1965.
9. Minimum Wages Act, 1948.
10. Employees State Insurance Act, 1948.
11. Employees Provident Funds and Miscellaneous Provisions Act, 1952.
12. Payment of Gratuity Act, 1972.
13. Employees Compensation Act, 1923.
14. Apprentices Act, 1961.
15. Maternity Benefit Act, 1961.
16. Contract Labour (Regulation and Abolition) Act, 1970.
17. Equal Remuneration Act, 1976.
18. Sexual Harassment of Women at Workplace (Prevention, Prohibition And Redressal) Act, 2013.
19. Motor Vehicles Act, 1988.
20. The Central Motor Vehicles Rules, 1989.
21. The Karnataka Motor Vehicles Rules, 1989.

22. Legal Metrology Act, 2009.

23. Legal Metrology (Package Commodities) Rules, 2011.

24. Bureau of Indian Standards Act, 2015.

25. Trade Mark Act, 1999 and Rules made thereunder.

26. Competition Act, 2002 and the Rules and Regulations made thereunder.

We have also examined compliance with the applicable standards / clauses of the following:

- (a) Secretarial Standards issued by ICSI.
- (b) Listing Agreements entered into by the Company with BSE and NSE.

We state that during the period under review there were adequate systems and processes in place to monitor and ensure compliance with various applicable laws and that the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc., mentioned above except that *there was an imbalance regarding constitution of the Board which was duly communicated to the Stock Exchanges and the same was restored during the year under review.*

We also state that since the provisions relating to Audit of Accounts and Financial Statements of the Company including laws relating to Income Tax, Central Excise, Sales Tax, Customs and other related laws were dealt in the Financial Statutory Audit, the same are not covered under the Secretarial Audit.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors, subject to our observation given in italics above. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices were given to all Directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent in advance and a system exists for seeking and obtaining further information and

clarifications on the Agenda items before the meeting and for meaningful participation at the Meeting.

As per the minutes of the Board Meetings duly recorded and signed by the Chairman, the decisions at the Meetings were unanimous in as much as minutes of the Meetings were self-explanatory.

We further report that based on the information provided and representation made by the Company

and also review of the compliance reports of the Company Secretary taken on record by the Board of Directors of the Company, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

For K. Narayana Swamy & Co.,
Company Secretaries

Place : Bengaluru
Date : 25th May, 2017

(K. Narayana Swamy)
FCS 1838 / CP 9878

Note: This Report is to be read with our letter of even date which is annexed as 'Annexure - A' and forms an integral part of this Report.

ANNEXURE - A

To,

The Members,
VST Tillers Tractors Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on the secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company like, Income Tax, Central Excise, Customs, etc.

4. Wherever required, we have obtained the Management representations about the compliance of applicable Laws, Rules and Regulations and happening of events.
5. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the Management in terms of Section 134 (5) (f) of the Companies Act, 2013. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For K. Narayana Swamy & Co.,
Company Secretaries

Place : Bengaluru
Date : 25th May, 2017

(K. Narayana Swamy)
FCS 1838 / CP 9878

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company
(Management & Administration) Rules, 2014.

I REGISTRATION & OTHER DETAILS:

i	CIN	L34101KA1967PLC001706
ii	Registration Date	18-12-1967
iii	Name of the Company	V.S.T. Tillers Tractors Limited
iv	Category/Sub-category of the Company	Public Company / Limited by Shares
v	Address of the Registered office & contact details	Plot No-1, Dyavasandra Indl Layout, Whitefield Road, Mahadevapura Post, Bangalore - 560048 Phone- 080-67141111, email- investors@vsttillers.com
vi	Whether listed company	Yes
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Integrated Registry Management Services Pvt Ltd., No-30, Ramana Residency, Gr Floor, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560003 Phone- 080-23460815, email- irg@intergatedindia.in

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

SL No.	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Power Tiller	2821	48.60
2	Tractor	2821	39.04

III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sl. No.	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Mitsubishi Heavy Industries - Engine and Turbocharger Ltd	U34107KA2007PTC043432	Associate	3.35	129

IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year - 01.04.2016				No. of Shares held at the end of the year - 31.03.2017				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian										
a) Individual/HUF	3646276	-	3646276	42.20	3646276	-	3646276	42.20		-
b) Central Govt./or State Govt.	-	-	-	-	-	-	-	-		-
c) Bodies Corporates	764663	-	764663	8.85	764663	-	764663	8.85		-
d) Bank/FI	-	-	-	-	-	-	-	-		-
e) Any other	-	-	-	-	-	-	-	-		-
SUB TOTAL : (A) (1)	4410939	-	4410939	51.06	4410939	-	4410939	51.06		-
(2) Foreign										
a) NRI- Individuals	-	-	-	-	-	-	-	-		-
b) Other Individuals	-	-	-	-	-	-	-	-		-
c) Bodies Corp.	253125	-	253125	2.93	253125	-	253125	2.93		-
d) Banks/FI	-	-	-	-	-	-	-	-		-
e) Any other...	-	-	-	-	-	-	-	-		-
SUB TOTAL : (A) (2)	253125	-	253125	2.93	253125	-	253125	2.93		-
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	4664064	-	4664064	53.99	4664064	-	4664064	53.99		-
B. PUBLIC SHAREHOLDING										
(1) Institutions										
a) Mutual Funds	778818	-	778818	9.01	803449	-	803449	9.30		0.29
b) Banks/FI	2259	4350	6609	0.08	561	4350	4911	0.06		-0.02
c) Central govt	-	-	-	-	-	-	-	-		-
d) State Govt.	-	-	-	-	-	-	-	-		-
e) Venture Capital Fund	-	-	-	-	-	-	-	-		-
f) Alternative Investment Funds	-	-	-	-	193626	-	193626	2.24		2.24
g) Insurance Companies	-	-	-	-	-	-	-	-		-
h) FIIS	822286	900	823186	9.53	517312	900	518212	6.00		-3.53
i) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-		-
j) Others (specify)	-	-	-	-	-	-	-	-		-
SUB TOTAL (B)(1):	1603363	5250	1608613	18.62	1514948	5250	1520198	17.60		-1.02
(2) Non Institutions										
a) Bodies corporates										
i) Indian	321394	3772	325166	3.76	393261	3772	397033	4.60		0.84
ii) Overseas	-	-	-	-	-	-	-	-		-
b) Individuals										
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	1442248	253918	1696166	19.63	1349109	234152	1583261	18.33		-1.30
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	1349109	234152	1583261	18.33	1398533	220747	1619280	18.74		0.41
c) Others (specify)										
V.S.T. Tillers Tractors Ltd - Unclaimed Suspense Account	10678	-	10678	0.12	10678	-	10678	0.12		0.00
NRI	88759	50	88809	1.03	140477	50	140527	1.63		0.60
Clearing Member	12622	-	12622	0.15	8672	-	8672	0.10		-0.05
Trust	1100	-	1100	0.01	1578	-	1578	0.02		0.01
SUB TOTAL (B)(2):	2113576	253275	2366851	27.40	2230697	224569	2455266	28.42		1.02
Total Public Shareholding (B)= (B)(1)+(B)(2)	3716939	258525	3975464	46.01	3745645	229819	3975464	46.02		-
C. Shares held by Custodian for GDRs & ADRs										
Grand Total (A+B+C)	8381003	258525	8639528	100.00	8409709	229819	8639528	100.00		-

(ii) SHARE HOLDING OF PROMOTERS

Sl. No.	Shareholders Name	Shareholding at the beginning of the year - 01.04.2016			Shareholding at the end of the year - 31.03.2017			% change in share holding during the year
		No. of shares	% of total shares of the company"	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company"	% of shares pledged encumbered to total shares	
1	V K Surendra	45000	0.52	-	45000	0.52	-	-
2	V K Surendra	190424	2.20	-	190424	2.20	-	-
3	V K Surendra	595380	6.89	-	595380	6.89	-	-
4	V K Surendra	977875	11.32	-	977875	11.32	-	-
5	V S Arun	84595	0.98	-	84595	0.98	-	-
6	V S Arun	127535	1.48	-	127535	1.48	-	-
7	S Mahalakshmi	75375	0.87	-	75375	0.87	-	-
8	V P Mahendra	45000	0.52	-	45000	0.52	-	-
9	V P Mahendra	906	0.01	-	906	0.01	-	-
10	V P Mahendra	131896	1.53	-	131896	1.53	-	-
11	V P Mahendra	975	0.01	-	975	0.01	-	-
12	V P Mahendra	451753	5.23	-	451753	5.23	-	-
13	M Bharathi	61200	0.71	-	61200	0.71	-	-
14	Amritha V M Ward	4330	0.05	-	4330	0.05	-	-
15	V M Vishnu	15150	0.18	-	15150	0.18	-	-
16	V M Anand	15220	0.18	-	15220	0.18	-	-
17	V V Pravindra	179146	2.07	-	179146	2.07	-	-
18	V V Pravindra	45000	0.52	-	45000	0.52	-	-
19	P Jayalakshmi	33750	0.39	-	33750	0.39	-	-
20	V P Rahul	18076	0.21	-	18076	0.21	-	-
21	V P Karan	750	0.01	-	750	0.01	-	-
22	V P Karan	14964	0.17	-	14964	0.17	-	-
23	V V Vijayendra	138888	1.61	-	138888	1.61	-	-
24	V V Vijayendra	21540	0.25	-	21540	0.25	-	-
25	V V Vijayendra	27000	0.31	-	27000	0.31	-	-
26	V V Sujay	63624	0.74	-	63624	0.74	-	-
27	V Lakshmi	33007	0.38	-	33007	0.38	-	-
28	V V Anjali	17623	0.20	-	17623	0.20	-	-
29	V P Tiruvengadaswamy	119978	1.39	-	119978	1.39	-	-
30	V P Tiruvengadaswamy	2700	0.03	-	2700	0.03	-	-
31	T Jayshree	77014	0.89	-	77014	0.89	-	-
32	V T Anusuya	2250	0.03	-	2250	0.03	-	-
33	V T Ravindra	26852	0.31	-	26852	0.31	-	-
34	Sita Rajgopal	1500	0.02	-	1500	0.02	-	-
35	Vijayendra Brothers Investments Private Limited	52470	0.61	-	52470	0.61	-	-
36	V T Velu Investments Private Limited	67725	0.78	-	67725	0.78	-	-
37	Gove Investment & Finance Co Ltd	66082	0.76	-	66082	0.76	-	-
38	V P Mahendra Brothers Investments Private Limited	136311	1.58	-	136311	1.58	-	-
39	K S Investments Private Limited	85690	0.99	-	85690	0.99	-	-
40	V. S. T. Motors Limited	356385	4.13	-	356385	4.13	-	-
41	Mitsubishi Heavy Industries Limited	253125	2.93	-	-	-	-	-
42	Mitsubishi Heavy Industries Engine and Turbocharger Ltd	-	-	-	253125	2.93	-	-
	Total	4664064	53.99	-	4664064	53.99	-	-

(iii) Change in Promoters' Shareholding (Specify if there is no change)

Sl. No.	Shareholders Name	Share holding at the beginning of the Year - 01.04.2016		Date	Increase/ Decrease in Share Holding	Reason	Cumulative Share holding during the year - 31.03.2017	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
1	V K Surendra	45000	0.52	01.04.2016		No Movement During The Year		
				31.03.2017			45000	0.52
2	V K Surendra	190424	2.20	01.04.2016		No Movement During The Year		
				31.03.2017			190424	2.20
3	V K Surendra	595380	6.89	01.04.2016		No Movement During The Year		
				31.03.2017			595380	6.89
4	V K Surendra	977875	11.32	01.04.2016		No Movement During The Year		
				31.03.2017			977875	11.32
5	V S Arun	84595	0.98	01.04.2016		No Movement During The Year		
				31.03.2017			84595	0.98
6	V S Arun	127535	1.48	01.04.2016		No Movement During The Year		
				31.03.2017			127535	1.48
7	S Mahalakshmi	75375	0.87	01.04.2016		No Movement During The Year		
				31.03.2017			75375	0.87
8	V P Mahendra	45000	0.52	01.04.2016		No Movement During The Year		
				31.03.2017			45000	0.52
9	V P Mahendra	906	0.01	01.04.2016		No Movement During The Year		
				31.03.2017			906	0.01
10	V P Mahendra	131896	1.53	01.04.2016		No Movement During The Year		
				31.03.2017			131896	1.53
11	V P Mahendra	975	0.01	01.04.2016		No Movement During The Year		
				31.03.2017			975	0.01
12	V P Mahendra	451753	5.23	01.04.2016		No Movement During The Year		
				31.03.2017			451753	5.23
13	M Bharathi	61200	0.71	01.04.2016		No Movement During The Year		
				31.03.2017			61200	0.71
14	Amritha V M Ward	4330	0.05	01.04.2016		No Movement During The Year		
				31.03.2017			4330	0.05
15	V M Vishnu	15150	0.18	01.04.2016		No Movement During The Year		
				31.03.2017			15150	0.18
16	V M Anand	15220	0.18	01.04.2016		No Movement During The Year		
				31.03.2017			15220	0.18
17	V V Pravindra	179146	2.07	01.04.2016		No Movement During The Year		
				31.03.2017			179146	2.07
18	V V Pravindra	45000	0.52	01.04.2016		No Movement During The Year		
				31.03.2017			45000	0.52
19	P Jayalakshmi	33750	0.39	01.04.2016		No Movement During The Year		
				31.03.2017			33750	0.39
20	V P Rahul	18076	0.21	01.04.2016		No Movement During The Year		
				31.03.2017			18076	0.21
21	V P Karan	750	0.01	01.04.2016		No Movement During The Year		
				31.03.2017			750	0.01
22	V P Karan	14964	0.17	01.04.2016		No Movement During The Year		
				31.03.2017			14964	0.17
23	V V Vijayendra	138888	1.61	01.04.2016		No Movement During The Year		
				31.03.2017			138888	1.61
24	V V Vijayendra	21540	0.25	01.04.2016		No Movement During The Year		
				31.03.2017			21540	0.25
25	V V Vijayendra	27000	0.31	01.04.2016		No Movement During The Year		
				31.03.2017			27000	0.31
26	V V Sujay	63624	0.74	01.04.2016		No Movement During The Year		
				31.03.2017			63624	0.74

DIRECTORS' REPORT



27	V Lakshmi	33007	0.38	01.04.2016		No Movement During The Year		
				31.03.2017			33007	0.38
28	V V Anjali	17623	0.20	01.04.2016		No Movement During The Year		
				31.03.2017			17623	0.20
29	V P Tiruvengadaswamy	119978	1.39	01.04.2016		No Movement During The Year		
				31.03.2017			119978	1.39
30	V P Tiruvengadaswamy	2700	0.03	01.04.2016		No Movement During The Year		
				31.03.2017			2700	0.03
31	T Jayshree	77014	0.89	01.04.2016		No Movement During The Year		
				31.03.2017			77014	0.89
32	V T Anusuya	2250	0.03	01.04.2016		No Movement During The Year		
				31.03.2017			2250	0.03
33	V T Ravindra	26852	0.31	01.04.2016		No Movement During The Year		
				31.03.2017			26852	0.31
34	Sita Rajgopal	1500	0.02	01.04.2016		No Movement During The Year		
				31.03.2017			1500	0.02
35	Vijayendra Brothers Investments Pvt Ltd	52470	0.61	01.04.2016		No Movement During The Year		
				31.03.2017			52470	0.61
36	V T Velu Investments Pvt Ltd	67725	0.78	01.04.2016		No Movement During The Year		
				31.03.2017			67725	0.78
37	Gove Investment & Finance Co Ltd	66082	0.76	01.04.2016		No Movement During The Year		
				31.03.2017			66082	0.76
38	V P Mahendra Brothers Investments Private Limited	136311	1.58	01.04.2016		No Movement During The Year		
				31.03.2017			136311	1.58
39	K S Investments Private Limited	85690	0.99	01.04.2016		No Movement During The Year		
				31.03.2017			85690	0.99
40	V.S.T. Motors Limited	356385	4.13	01.04.2016		No Movement During The Year		
				31.03.2017			356385	4.13
41	Mitsubishi Heavy Industries Limited	253125	2.93	01.04.2016	0		253125	2.93
				09.09.2016	-253125	Transfer	0	0.00
				31.03.2017			0	0.00
42	Mitsubishi Heavy Industries Engine and Turbocharger Ltd	0	0.00	01.04.2016	0		0	0.00
				09.09.2016	253125	Transfer	253125	2.93
				31.03.2017			253125	2.93

(iv) V.S.T. TILLERS TRACTORS LIMITED

Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs) :

	Name of the Share Holder	Share holding at the beginning of the Year - 01.04.2016		Date	Increase/ Decrease in Share Holding	Reason	Cumulative Share holding during the year - 31.03.2017	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
1	PINEBRIDGE INVESTMENTS ASIA LIMITED A/C PINEBRIDGE	366494	4.24	01.04.2016		No Movement During The Year		
				31.03.2017			366494	4.24
2	AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND	280000	3.24	01.04.2016	0		280000	3.24
				09.12.2016	-733	TRANSFER	279267	3.23
				16.12.2016	-25546	TRANSFER	253721	2.94
				23.12.2016	-15000	TRANSFER	238721	2.76
				30.12.2016	-3459	TRANSFER	235262	2.72
				20.01.2017	-2800	TRANSFER	232462	2.69
				10.02.2017	-4943	TRANSFER	227519	2.63
				17.03.2017	-956	TRANSFER	226563	2.62
				24.03.2017	-4896	TRANSFER	221667	2.57
				31.03.2017	-7137	TRANSFER	214530	2.48

3	HDFC TRUSTEE COMPANY LTD - HDFC LONG TERM ADVANTAG	252000	2.92	01.04.2016	0		252000	2.92
				24.03.2017	-2243	TRANSFER	249757	2.89
				31.03.2017	-4757	TRANSFER	245000	2.84
4	GOLDMAN SACHS INDIA FUND LIMITED	195470	2.26	01.04.2016	0		195470	2.26
				03.03.2017	-195470	TRANSFER	0	0.00
				31.03.2017	0		0	0.00
5	NOVASTAR INTERNATIONAL FUND	186004	2.15	01.04.2016	0		186004	2.15
				15.04.2016	-4000	TRANSFER	182004	2.11
				22.04.2016	-9471	TRANSFER	172533	2.00
				29.04.2016	-360	TRANSFER	172173	1.99
				06.05.2016	-826	TRANSFER	171347	1.98
				13.05.2016	-4600	TRANSFER	166747	1.93
				20.05.2016	-3868	TRANSFER	162879	1.89
				17.06.2016	-4434	TRANSFER	158445	1.83
				24.06.2016	-1300	TRANSFER	157145	1.82
				30.06.2016	-3017	TRANSFER	154128	1.78
				01.07.2016	-450	TRANSFER	153678	1.78
				08.07.2016	-11475	TRANSFER	142203	1.65
				15.07.2016	-6615	TRANSFER	135588	1.57
				22.07.2016	-11613	TRANSFER	123975	1.43
				29.07.2016	-3488	TRANSFER	120487	1.39
				05.08.2016	2000	TRANSFER	122487	1.42
				30.09.2016	-4690	TRANSFER	117797	1.36
				07.10.2016	-23702	TRANSFER	94095	1.09
				21.10.2016	-14527	TRANSFER	79568	0.92
				28.10.2016	-15094	TRANSFER	64474	0.75
				04.11.2016	-232	TRANSFER	64242	0.74
				11.11.2016	-105	TRANSFER	64137	0.74
				31.03.2017	0		64137	0.74
6	MIRAE ASSET EMERGING BLUECHIP FUND	96998	1.12	01.04.2016	0		96998	1.12
				15.04.2016	-2125	TRANSFER	94873	1.10
				22.04.2016	-3213	TRANSFER	91660	1.06
				22.07.2016	-22533	TRANSFER	69127	0.80
				29.07.2016	-542	TRANSFER	68585	0.79
				05.08.2016	-6551	TRANSFER	62034	0.72
				19.08.2016	-20000	TRANSFER	42034	0.49
				09.09.2016	-726	TRANSFER	41308	0.48
				16.09.2016	-153	TRANSFER	41155	0.48
				30.09.2016	-41155	TRANSFER	0	0.00
				31.03.2017	0		0	0.00
7	HSBC MIDCAP EQUITY FUND	78644	0.91	01.04.2016	0		78644	0.91
				21.10.2016	3000	TRANSFER	81644	0.95
				18.11.2016	2000	TRANSFER	83644	0.97
				31.03.2017	0		83644	0.97
8	ICICI PRUDENTIAL INDIA RECOVERY FUND-SERIES 2	59261	0.69	01.04.2016	0		59261	0.69
				20.05.2016	-1203	TRANSFER	58058	0.67
				03.06.2016	-923	TRANSFER	57135	0.66
				10.06.2016	-518	TRANSFER	56617	0.66
				17.06.2016	-8432	TRANSFER	48185	0.56
				31.03.2017	0		48185	0.56
9	Novastar Fund Advisors Private Limited	55260	0.64	01.04.2016		No Movement During The Year		
				31.03.2017			55260	0.64
10	TATA AIA LIFE INSURANCE CO LTD UNIT LINKED MULTI C	54332	0.63	01.04.2016	0		54332	0.63
				16.09.2016	-1	TRANSFER	54331	0.63
				31.03.2017	0		54331	0.63
11	B N NAGAMANI	52366	0.61	01.04.2016		No Movement During The Year		
				31.03.2017			52366	0.61

(v) Shareholding of Directors & KMP

Sl. No.	For Each of the Directors & KMP	Share holding at the beginning of the Year - 01.04.2016		Date	Increase/ Decrease in Share Holding	Reason	Cumulative Share holding during the year - 31.03.2017	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
1.	V.P. Mahendra	630530	7.30		nil		630530	7.30
2.	R.Thiyagarajan	15	0.0001		nil		15	0.0001
3.	Chinmaya Khatua	0	0.00		nil		0	0.00
4.	V K Surendra	1808679	20.93		nil		1808679	20.93
5.	V V Pravindra	224146	2.59		nil		224146	2.59
6.	V T Ravindra	26852	0.03		nil		26852	0.03

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount		365327572		365327572
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				
Change in Indebtedness during the financial year				
Additions		34021501		34021501
Reduction				
Net Change		34021501		34021501
Indebtedness at the end of the financial year				
i) Principal Amount		399349073		399349073
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)		399349073		399349073

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/or Manager :

Sl.No	Particulars of Remuneration	Name of the MD/WTD/Manager			Total Amount
1	Gross salary	V P Mahendra	BCS Iyengar	R Thiyagarajan	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	4599081	312760	1838447	6750288
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961				
2	Stock option				
3	Sweat Equity				
4	Commission as % of profit others (specify)	3150000	140000		3290000
5	Others, (annual incentive)			198204	198204
	Total (A)	7749081	452760	2036651	10238492
	Ceiling as per the Act				98482142

Note: Mr. B C S Iyengar salary details for month of April 2016

Mr. R. Thiyagarajan salary details from 19th October 2016 to 31st March 2017 as Whole-time Director and CFO.

B. Remuneration to other directors:

Sl.No	Particulars of Remuneration				Name of the Directors				
1	Independent Directors				R.Subramanian	M.K.Bannerjee	K.M. Pai	Siva Kameswari	Total
	(a) Fee for attending board committee meetings				400000	440000	400000	200000	
	(b) Commission				-	-	-	-	
	(c) Others, please specify				-	-	-	-	
	Total (1)				400000	440000	400000	200000	1440000
2	Other Non Executive Directors	V.K. Surendra	V.V. Pravindra	V T Ravindra					
	(a) Fee for attending board committee meetings"	320000	280000	160000					
	(b) Commission	-	-						
	(c) Others, please specify.	-	-						
	Total (2)	320000	280000	160000					760000
	Total (B)=(1+2)	320000	280000	160000	400000	440000	400000	200000	2200000
	Total Managerial Remuneration								2200000
	Overall Ceiling as per the Act.								9848214

Note: All the managerial remuneration is within the limit specified by the Act.

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

Sl.No	Particulars of Remuneration	Key Managerial Personnel		
1	Gross salary	Company Secretary	CFO	Total
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	1258578	4530023	5788601
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	131069	32400	163469
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961			
2	Stock option			
3	Sweat Equity			
4	Commission as % of profit others (specify)			
5	Others, please specify			
	Total	1389647	4562423	5952070

Note: Mr.R.Thiyagarajan, CFO of the company was appointed as Whole-time Director of the company. His salary as CFO as well as Whole-time Director as mentioned above.

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made if any (give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

NIL

Annexure - 6

REMUNERATION POLICY

1. OBJECTIVE

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Listing Regulation. The Key Objectives of the Committee would be :

- 1.1. To lay down criteria with regard to identifying persons who are qualified to become Directors, Key Managerial Personnel and Senior Management.
- 1.2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- 1.3. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- 1.4. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 1.5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

Composition of the Committee.

Mr.M.K. Bannerjee, Chairman

Mr.V.K. Surendra, Member

Mr. K.M. Pai, Member

2. DEFINITIONS

- 2.1 **Act** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

2.2 **Board** means Board of Directors of the Company.

2.3 **Directors** mean Directors of the Company.

2.4 **Key Managerial Personnel (KMP)** means

- a. Chief Executive Officer or the Managing Director;
- b. Chief Financial Officer;
- c. Company Secretary; and
- d. such other officer as may be prescribed.

- **Senior Management** means personnel of the company who are members of its core management team excluding the Board of Directors including Functional Heads.

3. ROLE OF COMMITTEE

3.1. Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee

The Committee shall:

- 3.1.1. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- 3.1.2. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- 3.1.3. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

3.2. Policy for appointment and removal of Director, KMP and Senior Management

3.2.1. Appointment criteria and qualifications

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Managing/Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

3.2.2. Term / Tenure

• Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Managing Director or Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

• Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

3.2.3. Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval.

3.2.4. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

3.2.5. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

- 3.3. Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel

3.3.1. General:

- a) The remuneration / compensation / commission etc. to the Managing Director, Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- b) The remuneration and commission to be paid to the Managing/ Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.
- c) Where any insurance is taken by the Company on behalf of its Managing Director, Whole-time Director, Chief Executive

Officer, Chief Operating Officer, Chief Financial Officer, Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

3.3.2. Remuneration to Managing/ Whole-time / Executive / Director, KMP and Senior Management Personnel:

- a) Fixed pay:

The Managing/Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

- b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing/Whole-time Director in accordance with the provisions of Schedule V of the

Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

c) Provisions for excess remuneration:

If any Managing/Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company.

3.3.3. Remuneration to Non- Executive / Independent Director:

a) **Sitting Fees:**

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs.One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

b) **Stock Options:**

An Independent Director shall not be entitled to any stock option of the Company.

4. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required.

5. COMMITTEE MEMBERS' INTERESTS

- a. A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

6. MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To,

The Board of Directors
V.S.T. TILLERS TRACTORS LTD

We, the undersigned, in our respective capacities as Chief Executive Officer and Chief Financial Officer of V.S.T. Tillers Tractors Limited ("the Company"), to the best of our knowledge and belief certify that :

- (a) We have reviewed the financial statements and the cash flow statement for the year ended on March 31, 2017 and based on our knowledge and belief, we state that:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws, and regulations.
- (b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal, or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
 - (i) Significant changes, if any, in the internal control over financial reporting during the year;
 - (ii) Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

K U Subbaiah
Chief Executive Officer

R. Thiyagarajan
Chief Financial Officer

Place : Bengaluru

Date : May 25, 2017

Auditors' Certificate on Corporate Governance

To

The Members of V.S.T. Tillers Tractors Limited

1. We have examined the compliance of conditions of Corporate Governance by **V.S.T. Tillers Tractors Limited** ("the Company"), for the year ended on March 31, 2017, as per Regulations 17 to 27, clauses (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations during the year ended March 31, 2017.
5. We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M/s K. S. Rao & Co

Firm Reg. No. : 003109S

Chartered Accountants

Place : Bengaluru

Date : May 25, 2017

Hitesh Kumar P

Partner

Membership No. 233734

PHYLOSOPHY ON CORPORATE GOVERNANCE

V.S.T. Tillers Tractors Limited has come a long way in adopting some of the key principles of Corporate Governance like transparency, fairness, disclosures and accountability, your Company believes that, corporate governance is the relationship between corporate managers, directors, and the providers of equity, people and institutions who save and invest their capital to earn a return.

It ensures that the board of directors is accountable for the pursuit of corporate objectives and that the corporation itself conforms to the law and regulations.

BOARD OF DIRECTORS:

The Board of Directors along with various Committees provides guidance to the management and directs, supervises and controls the performance of the Company. Information provided to the Board includes quarterly and yearly results of the Company, Minutes of Audit and other Committees, information on recruitment and remuneration of senior officers just below the Board, review of annual operating plans and compliance report etc.

(a) Composition of the Board:

The Board comprising of eight Directors as on 31/03/2017, is headed by a Non-Executive Chairman, one Managing Director, two Non-Executive Directors and four Independent Directors. The composition and category, shareholdings, the attendance at Board Meetings and last AGM, number of Directorships in other Public Companies is as follows :-

Name of the Director	Share Holdings	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM	No. of other Public Limited Companies in which Director	Chairman/ Member of the committees
Mr. V. K. Surendra	1808679*	Non-Executive	6	Yes	2	0
Mr. R. Subramanian	Nil	Independent	5	Yes	2	3
Mr. M. K. Bannerjee	Nil	Independent	5	No	1	3
Mr. K.M. Pai	Nil	Independent	4	Yes	2	3
Ms. Siva Kameswari Vissa	Nil	Independent	3	No	8	7
Ms.K P Anuradha	Nil	Independent	1	No	-	-
Mr. V. P. Mahendra	630530*	Vice Chairman & Managing Director	6	Yes	4	2
Mr.B.C.S Iyengar	15976	Whole-time Director	1	No	-	-
Mr. R.Thiyagarajan	15	Whole-time Director	2	No	-	-
Mr. V. V. Pravindra	224146*	Non-Executive	6	Yes	1	-
Mr. V. T. Ravindra	26852*	Non-Executive	4	Yes	1	-

* Individually / jointly as promoter.

Note : Committee Membership / Chairman of Audit Committee and Stake Holders Relationship Committee of Public Companies are considered.

Resignation: 1) Mr. B C S Iyengar - 30/04/2016. 2) Ms K P Anuradha - 01/08/2016 3) Mr.R.Thiyagarajan - 31/03/2017

Appointment: 1) Mr. V.T.Ravindra - 27/05/2016 2) Ms. Siva Kameswari Vissa - 29/07/2016

None of the Directors on the Board hold directorships in more than ten public companies. Further none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he / she is a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2017 have been made by the Directors. Apart from Mr.V.K. Surendra, V.P. Mahendra, Mr. V.V. Pravindra and Mr. V.T. Ravindra, none of the other Directors are related to each other.

October 19, 2016, November 4, 2016 and February 06 2017.

(c) Code of Conduct:

The Company has formulated and implemented Code of Conduct for Board Members and Senior Management of the Company in compliance with SEBI (LODR) Regulation, 2015.

The certificate by CEO of the Company on compliance with the code of conduct is given below:

To,
The Board of Directors,
V.S.T. TILLERS TRACTORS LTD

It is hereby confirmed that the Directors and Senior Management have duly complied with the code of conduct laid down by the Company during the financial year ended March 31, 2017.

Place: Bengaluru
Date: May 25, 2017

K U Subbaiah
Chief Executive Officer

COMMITTEE MEETINGS :

Audit Committee

Composition

At present the Audit Committee comprises of four independent Directors of the Company.

Terms of Reference:

- (1) oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions;
 - (g) modified opinion(s) in the draft audit report;
- (5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) approval or any subsequent modification of transactions of the company with related parties;
- (9) scrutiny of inter-corporate loans and investments;

- (10) valuation of undertakings or assets of the Company, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (14) discussion with internal auditors of any significant findings and follow up there on;
- (15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) to review the functioning of the whistle blower mechanism;
- (18) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

Details of Audit Committee Meetings:

During the year under review the Audit Committee met four times on May 27, 2016, July 29 2016, November 04, 2016, and February 06, 2017. Required quorum was present for all the meetings.

Sl.No.	Name of the Member	Designation	Attended
1	Mr. R. Subramanian	Chairman	4
2	Mr. M. K. Bannerjee	Member	3
3	Mr K M Pai	Member	3
4	Ms. Siva Kamewari Vissa*	Member	2

* Appointed on 29/07/2016

In terms of the Insider Trading Code adopted by the Company in FY 2016-17, the Committee considers the following matters:

1. To approve policies in relation to the implementation of the Insider Trading Code and to supervise implementation of the Insider Trading Code.
2. To note and take on record the status reports detailing the dealings by Designated Persons in Securities of the Company, as submitted by the Compliance Officer on a quarterly basis.
3. To provide directions on any penal action to be initiated, in case of any violation of the Regulations by any person.

Corporate Social Responsibility (CSR) Committee

The Company has been doing CSR activities directly or through other entities since many years. The purpose of this policy to actively contribute to the social and economic development of the communities in which we operate. The CSR policy is available in your Company website i.e. http://www.vsttillers.com/sites/default/files/policies/CSR_policy.pdf

Composition

Mr. V.K. Surendra, Chairman
 Mr. M.K. Bannerjee, (Independent Director),
 Mr. V.P. Mahendra, Member
 Mr. V VPravindra, Member

During the year under review the Committee meeting held on 29/08/2016.

NOMINATION AND REMUNERATION COMMITTEE

The nomination and remuneration committee of the Company is constituted in line with the provisions of Regulation 19 of SEBI Listing Regulations, read with Section 178 of the Act. The Key Objectives of the Committee includes 1. Formulate a criteria for determining qualifications, positive attributes and independence of a director. 2. Recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees. 3. Reviewing and recommending to the Board, the remuneration, payable to Directors of the Company; and 4. Undertake any other matters as the Board may decide from time to time. The Remuneration policy is

annexed herewith as Annexure-6. The details of the remuneration paid to directors mentioned in page no-36.

Composition

The Nomination and Remuneration Committee comprises of three non-executive directors out of which two are independent directors.

Mr. M.K. Bannerjee, Chairman (Independent Director)

Mr. V.K. Surendra, Member

Mr. K.M. Pai, Member (Independent Director)

During the year under review the Committee met on 29/08/2016.

Performance Evaluation Criteria for Independent Directors :

The performance evaluation criteria for independent directors is determined by the Nomination and Remuneration committee. An indicative list of factors that may be evaluated include participation and contribution by a director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behaviour and judgement.

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee is primarily responsible for review all matters connected with redressal of shareholders complaint. The terms of reference of the Committee includes enquiring into and redressing complaints of shareholders and investors and to resolve their grievances

Composition

The Stakeholders Relationship Committee comprises of two independent Directors of the Company.

Mr. K.M. Pai, Chairman

Mr. M. K. Bannerjee, Member

During the year under review the committee had not hold any meeting. However circular resolutions have been passed.

Name of the Compliance Officer - Mr.Chinmaya Khatua, Company Secretary

The details of the shareholder's complaints mentioned in page no- 37 of the Annual Report

INDEPENDENT DIRECTORS MEETING

The Independent Directors held their meeting on 06/02/2017 without presence of anybody from management side.

FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company has conducted programme for Independent Directors with regard to their duties, roles responsibilities. The said familiarization programme is displayed in Company website and can be accessed at http://www.vstillers.com/sites/default/files/policies/Familiarization_Programme.2016-17.pdf

VIGIL MECHANISM

The purpose of this policy is to provide a framework to promote responsible and secure whistle blowing. It is to protect employees wishing to raise a concern about serious irregularities within the Company. The details of the policy is available in company website i.e http://www.vstillers.com/sites/default/files/policies/vigil_mechanism.pdf

Mr. Chinmaya Khatua, Company Secretary and Compliance Officer can be contacted:

Chinmaya Khatua,
No.1, Dyavasandra Indl. Layout,
Whitefield Road,
Mahadevapura Post, Bangalore – 560 048
Ph. No.080-67141111
E-mail: chinmaya@vstillers.com

INSIDER TRADING REGULATIONS:

The Company has prescribed code of conduct and disclosure practice to prevent insider trading.

POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

The policy on dealing with related party transactions can be accessed at http://www.vstillers.com/sites/default/files/policies/policy_on_related_party_transc.pdf

OTHER POLICIES

The Company has formulated other policies as required under Companies Act, 2013 and SEBI (LODR) Regulation 2015 and the same have been disclosed in Company Website.

DIRECTORS REMUNERATION

The non-executive Directors are not paid any remuneration other than the sitting fees which is within the limits prescribed under Companies Act, 2013.

During 2016-17, the Company did not advance any loan to any of its Directors. The remuneration paid to the Executive Directors for the year 2016-17 is given below:

Name of the Director	Category	Salary	Allowances	Commission/ Incentive	P.F.	Total (in Rs.)
1. Mr. V.P Mahendra	Vice Chairman & Managing Director	2100000	2247081	3150000	252000	7749081
2. Mr. B.C.S. Iyengar	Whole-time Director	140000*	155960	140000	16800	452760
3 Mr.R.Thiyagarajan	Whole-time Director	626332	1136953	198204	75162	2036651

Note: 1. Mr. B.C.S. Iyengar resigned on 30th April 2016. 2. Mr.R.Thiyagarajan salary details from 19th Oct 2016 to 31st March 2017 as Whole-time Director and CFO.

The above directors were appointed by the shareholders for five years and they are being paid commission as approved by the shareholders except Mr.R.Thiyagarajan. The details of the commission criteria are mentioned in page no- 10 of the annual report.

The Sitting Fees paid to the Non-Executive Directors for the year 2016-17 is given below :

Name of the Director	Category	Sitting Fees paid (In Rs)	Service tax paid by the Company (In Rs.)
1. Mr. V. K. Surendra	Chairman	3,20,000	48000
2. Mr. R. Subramanian	Independent Director	4,40,000	66000
3 Mr. M. K. Bannerjee	Independent Director	4,00,000	60000
4. Ms. SivaKameswari	Independent Director	2,00,000	30000
5 Mr. K.M. Pai	Independent Director	4,00,000	60000
6. Mr. V.V. Pravindra	Non- Executive Director	2,80,000	42000
7 Mr. V.T.Ravindra	Non- Executive Director	1,60,000	24000

MEANS OF COMMUNICATION:

The outcome of the Board Meeting, quarterly and annual financial results are sent to Stock Exchanges immediately after the Board approval. The quarterly and annual financial results are also available in Company web-site i.e., www.vstillers.com.

The quarterly and annual financial results are published in Business Standard (English) and SanjeVani (Kannada) newspapers. The Company's announcement and outcome of the investors meet are also published in Company website.

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS AS ON 31ST MARCH 2017

Category	No. of Shareholders	% to total No.of shareholders	Shares Amount (Rs.)	% to total shares amount
Upto 5,000	10984	93.08	6896540	7.98
5,001 10,000	375	3.18	2682080	3.10
10,001 20,000	215	1.82	3038290	3.52
20,001 30,000	66	0.56	1668190	1.93
30,001 40,000	31	0.26	1073480	1.24
40,001 50,000	22	0.19	1035330	1.20
50,001 1,00,000	36	0.31	2595750	3.00
1,00,001 and above	72	0.61	67405620	78.02
Total	11801	100.00	86395280	100.00

DETAILS OF REQUEST/COMPLAINTS RECEIVED DURING THE YEAR 2016-17

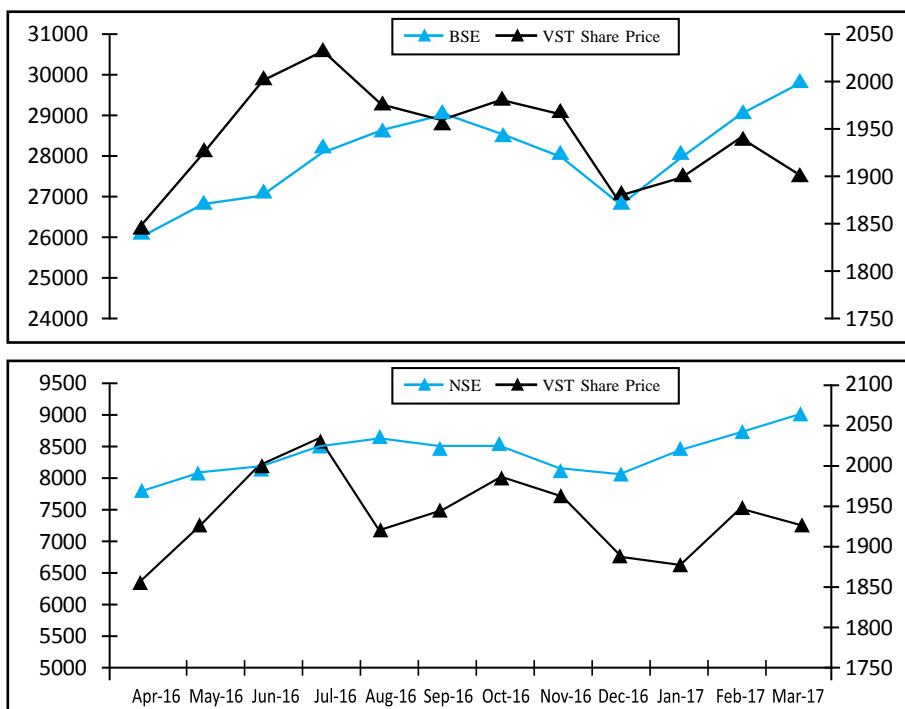
Nature of Request	OB	Received	Attended	Pending
Change of Address	-	6	6	-
Bank Mandate	-	2	2	-
Revalidation of Warrants	-	54	54	-
Duplicate Share Certificates	-	31	31	-
Transfer/Transmission	-	5 Tr / 2 Tm	5 Tr / 2 Tm	-
Dematerialisation	-	65	65	-
Rematerialisation	-	1	1	-

SHAREHOLDING PATTERN AS ON 31ST MARCH 2017

Category	No. of Shareholders	No. of shares held	% to total No. of shares
Promoters/Associates	40	4410939	51.06
Foreign Promoters	1	253125	2.93
Bodies Corporate	251	397033	4.60
Mutual Funds	11	803449	9.30
Alternate Investment Funds	1	193626	2.24
Banks	5	1911	0.02
Financial Institutions	4	3000	0.03
Foreign Financial Institutions	17	518212	6.00
Non-Resident Indians	588	140527	1.63
Clearing Members	69	8672	0.10
Public/Others	10814	1909034	22.10
Total	11801	8639528	100.00

Market Price Data Information(BSE)

MONTH	HIGH	LOW	MONTH	HIGH	LOW
Apr-16	1845.00	1484.50	Oct-16	1979.70	1862.60
May-16	1924.75	1760.00	Nov-16	1974.80	1671.10
Jun-16	2003.10	1827.05	Dec-16	1879.70	1670.00
Jul-16	2035.00	1925.55	Jan-17	1901.00	1718.90
Aug-16	1975.00	1775.00	Feb-17	1946.75	1806.80
Sep-16	1959.90	1840.00	Mar-17	1901.20	1770.00



Market Price Data Information (NSE)

MONTH	HIGH	LOW	MONTH	HIGH	LOW
Apr-16	1850.00	1478.00	Oct-16	1992.00	1856.20
May-16	1929.00	1750.00	Nov-16	1966.80	1668.70
Jun-16	2005.95	1814.05	Dec-16	1885.00	1678.00
Jul-16	2043.00	1919.95	Jan-17	1878.00	1720.00
Aug-16	1922.00	1801.30	Feb-17	1949.00	1807.00
Sep-16	1947.75	1878.20	Mar-17	1929.70	1781.65

Source: Web-sites of BSE and NSE.

Dematerialization of Equity Shares

Trading in equity shares of the Company became mandatory in dematerialized form. To facilitate trading in demat form, there are two depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company has entered into agreements with both these NSDL and CDSL. Shareholders can open their accounts with any of the Depository Participants to hold their shares in dematerialized form. About 97.34% of the Equity Shares of the Company are held in the dematerialized form.

Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity:

The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments in the past and hence as on March 31, 2017, the Company does not have any outstanding GDRs / ADRs / Warrants or any convertible instruments.

Commodity price risk or foreign exchange risk and hedging activities

Please refer to Management Discussion and Analysis Report for the same.

DETAILS OF UNCLAIMED SHARES

	As on 31.03.2016		Claimed during the year		As on 31.03.2017	
Particulars	No of Shareholders	No of Shares	No of Shareholders	No of Shares	No of Shareholders	No of Shares
Unclaimed Shares	143	10678	Nil	Nil	143	10678

The voting rights on the above Shares shall remain frozen till the rightful owner of such Shares claims the Shares.

GENERAL SHARE HOLDER INFORMATION

Investor Services

AGM date,

time and venue : August 11, 2017 at 3.30 P.M.
Woodlands Hotel Pvt. Ltd.
No.5, Rajaram Mohan Roy Road
Bengaluru - 560 025

Financial year : 1st April - 31st March

Book Closure : from August 05, 2017 to August 11, 2017 (Both days inclusive)
for AGM & Payment of Dividend.
: E-voting Cut-off date -
August 04, 2017.

E-Voting date : 08/08/2017 (from 9 A.M. IST) to
10/08/2017 (upto 5 P.M. IST)

Financial Calendar (tentative)

Results for the quarter ending:

June 30, 2017 - Second week of August, 2017

September 30, 2017 - Second week of November, 2017

December 31, 2017 - Second week of February, 2018

March 31, 2018 - Last week of May, 2018

Dividend: If declared at the AGM will be paid on or after 14th August, 2017.

Payment of Listing Fees : Annual listing fee for theyear 2017-18 has been paid by the Company to BSE & NSE.

Payment of Depository Fees: Annual Custody/ Issuerfee for the year 2017-18 has been paid by the Company to NSDL & CDSL.

The Company has appointed M/s. Integrated Registry Management Services Private Limited, Registrar & Share Transfer Agents for handling all matters relating to share transfers including transfer/transmission of shares, de-materialization of share certificates, sub division / consolidation of share certificate etc.

Share Holders desiring to communicate on any matter relating to the shares of the Company may either visit in person or write to the Company's Share Transfer Agent quoting their Folio No./ DP ID & Client ID number at the following address.

M/s. Integrated Registry Management Services Private Limited

30, Ramana Residency, Ground Floor,
4th Cross, Sampige Road, Malleswaram,
Bangalore – 560 003
Phone Nos. 080-23460815-18,
Fax: 080-23460819
e-mail : irg@integratedindia.in

Stock Exchanges Address:

National Stock Exchange of India Ltd,

Plot No. C/1, G Block, Bandra – Kurla Complex,
Bandra(E) MUMBAI – 400 051
Tel No- 022-26598235

Bombay Stock Exchange Limited

25 Floor, P. J. Towers,
Dalal Street, Fort,
MUMBAI – 400 001
Ph-022-22721234.

STOCK CODE :

Bombay Stock Exchange Ltd : 531266

National Stock Exchange of India Ltd. : VSTTILLERS

ISIN : INE 764D01017.

CIN- L34101KA1967PLC001706

ADDRESS FOR CORRESPONDENCE

The Company Secretary

M/s. V.S.T. Tillers Tractors Ltd,

Plot No-1, DyavasandraIndl Layout,

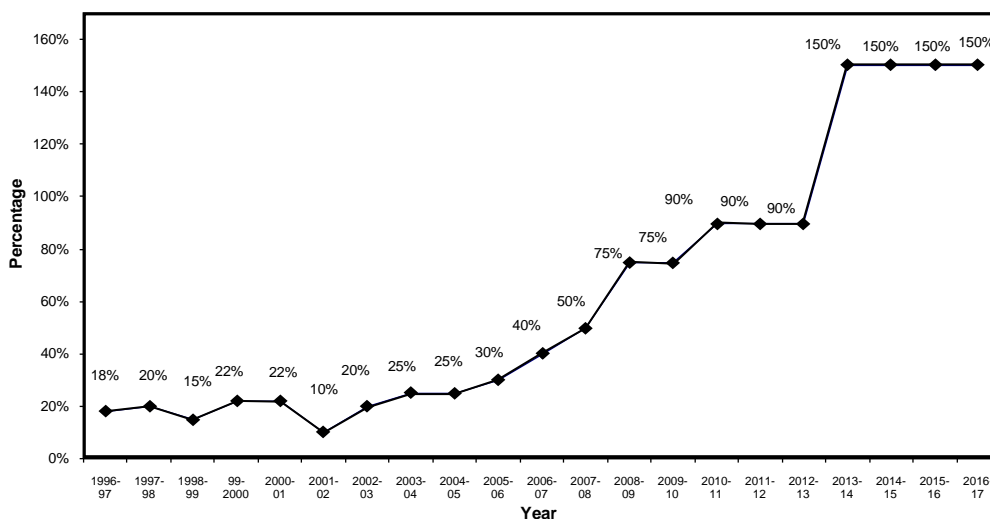
Whitefield Road, Mahadevapura Post,

Bangalore- 560048.

Ph : 080-67141111

E-mail : investors@vstillers.com

Percentage of Dividend Declared



Particulars of last 3 Annual General Meetings

Date/Time	Location	Summary of Special Business
29.08.2016 3.00 p.m.	Woodlands Hotel Pvt., Ltd. No.5, Rajaram Mohan Roy Road Bengaluru - 560 025.	Ordinary Resolution <ul style="list-style-type: none"> Appointment of Mr. V.T. Ravindra as a Director Appointment of Ms. Siva Kameswari Vissa as an independent director. Ratification of Cost Auditor's remuneration.
11.08.2015 3.00 p.m.	Woodlands Hotel Pvt., Ltd. No.5, Rajaram Mohan Roy Road Bengaluru - 560 025	Ordinary Resolution <ul style="list-style-type: none"> Appointment of Ms. K.P. Anuradha as an Independent Director. Ratification of Cost Auditor's remuneration
14.08.2014 3.00 p.m.	Woodlands Hotel Pvt., Ltd. No.5, Rajaram Mohan Roy Road Bengaluru - 560 025	Special Resolution Re-appointment of Mr.V.P. Mahendra as Managing Director designated as Vice Chairman & Managing Director.

No resolution had been passed through Postal Ballot during the year 2016-17.

<p><u>PLANT LOCATIONS:</u></p> <p><u>BENGALURU</u> Plot No.1 Dyavasandra Indl. Layout Whitefield Road Mahadevapura PO. BENGALURU-560 048, Karnataka</p>	<p><u>HOSUR</u> Plot No. 39, Phase 1 SPICOT Industrial Complex Mookandapalli HOSUR 635 126 Tamil Nadu</p>	<p><u>MYSORE</u> Precision Component Division, Plot No.42/43, Survey No.20, Metagalli Indl. Area, MYSORE – 570 016 Karnataka</p>
--	---	---

DISCLOSURES

- ❖ During the year under review, besides the transactions mentioned under note no.31 page no.68 of Annual Report, there were no materially significant related party transactions that may have potential conflict with the interest of the company at large.
- ❖ There are no instances of non-compliance on any matter relating to the capital market during the last three years.
- ❖ The Company has not adopted the non-mandatory requirements as stated in SEBI (LODR) Regulation, 2015. However, the Company had moved towards a regime of unqualified financial statements since many years.
- ❖ The Company has formulated whistle-blower policy and vigil mechanism and no person has been denied access to the Audit Committee with regard to whistle-blower policy.
- ❖ The Company follows Accounting Standards issued by the Institute of Chartered Accountants of India in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in the Accounting Standard.
- ❖ The Company has duly fulfilled the following discretionary requirements as prescribed in Schedule II Part E of the SEBI Listing Regulations:
 - i. The auditors' report on statutory financial statements of the Company are unqualified.
 - ii. The Company has appointed separate persons to the post of chairperson and managing director or chief executive officer.
 - iii. The internal auditor reports directly to the audit committee.
- ❖ The Company has complied with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Regulation and Disclosure Requirement) Regulations, 2015.

For **V.S.T. TILLERS TRACTORS LTD**

Place: Bengaluru
Date: May 25, 2017

V K Surendra
Chairman

TO

**THE MEMBERS OF
V.S.T. TILLERS TRACTORS LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of V.S.T. Tillers Tractors Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the

Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, of its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure "A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial

position in its financial statements – Refer Note 28 to the financial statements;

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. The company had provided requisite disclosures in its financial statements as regards its holdings and dealings in Specified Bank Notes during November 08, 2016 to December 30, 2016, as defined in the Notification S.O 3407(E) dated the November 08, 2016 and it is in accordance with the books of accounts maintained by the company. However, as stated in note 39 to the financial statements, amounts aggregating to Rs. 7500/- as represented to us by the management have been received from the source other than permitted transactions.

For K.S. Rao & Co.,
Chartered Accountants

ICAI Firm's Registration No. 003109S

Place : Bengaluru
Date : May 25, 2017

Hitesh Kumar P
Partner
Membership No. 233734

ANNEXURE “A” TO INDEPENDENT AUDITORS’ REPORT OF V.S.T. TILLERS TRACTORS LIMITED.

The Annexure referred to in Independent Auditors’ Report to the members of the Company on the financial statements for the year ended March 31, 2017 we report that :

i) In respect of the Company’s Fixed Assets :

- (a) As per the information and explanation provided to us the company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with the programme, the management has conducted physical verification of certain fixed assets during the year and no material discrepancies noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to size and nature of the company and nature of its assets.
- (c) According to information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the company.
- (ii) The company has conducted physical verification of Inventories at reasonable intervals and any material discrepancies noticed have been properly dealt in the books and accounts.
- (iii) According to the information and explanations given to us, the Company has granted unsecured loan to the company covered in the Register maintained under Section 189 of the Companies Act, 2013, in respect of which
 - a. The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company’s interest.

- b. The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
- c. There is no amount overdue for more than 90 days as at the balance sheet date.
- (iv) In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities as applicable.
- (v) The Company has not accepted any deposits from the public. Accordingly, clause 3(v) of paragraph of the Order is not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the products manufactured and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) a. According to the information and explanations given to us and according to the records as produced and examined by us, in our opinion, the Company is regular in depositing with appropriate authorities the undisputed statutory dues including Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues to the extent applicable to it. There are no arrears of outstanding statutory dues as at March 31, 2017 for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us, there are no dues in respect of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty, and Cess which have not been deposited on account of dispute except the following.

Name of the statute	Nature of dues	Forum where dispute is pending	Period to which amount relates	Amount (Rs)
The Income Tax Act, 1961	Disallowance of expenditure incurred in connection with earning exempted income	Commission of Income Tax (Appeals)	April 2010 - March 2011	341,988

Name of the statute	Nature of dues	Forum where dispute is pending	Period to which amount relates	Amount (Rs)
The Income Tax Act, 1961	Disallowance of Provision for Marketing expenses	Income Tax Appellate Tribunal	April 2011 - March 2012	3,44,94,802
The Income Tax Act, 1961	Disallowance of expenditure incurred in connection with earning exempted income	Commission of Income Tax (Appeals)	April 2012 - March 2013	405,486
The Income Tax Act, 1961	Disallowance of expenditure incurred in connection with earning exempted income	Commission of Income Tax (Appeals)	April 2013 - March 2014	16,45,492
The Customs Act, 1962	Disallowance of Concessional Custom Duty availed under Customs Notification No. 12/2012 for Reaper Combinder	Appellate Tribunal	April 2014 - March 2015	21,05,228*

*the amount includes penalty of Rs. 50,000/-

- (viii) According to the information and explanations given to us, the Company has no outstanding loan during the year to a financial institution or banks and the Government. The Company has not issued any debentures.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, clause 3(ix) of paragraph of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit. Accordingly, clause 3(x) of paragraph of the Order is not applicable.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, we report that managerial remuneration has been paid /provided in accordance with the provisions of Sec 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, clause 3(xii) of paragraph of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the

related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause (xiv) of paragraph 3 of the Order is not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause (xv) of paragraph 3 of the Order is not applicable.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For K.S. Rao & Co.,
Chartered Accountants
ICAI Firm's Registration No. 003109S

Place : Bengaluru
Date : May 25, 2017

Hitesh Kumar P
Partner
Membership No. 233734

**“ANNEXURE – B” TO THE
INDEPENDENT AUDITORS' REPORT****Report on the Internal Financial Controls under
Clause (i) of Sub-section 3 of Section 143 of the
Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **V.S.T. Tillers Tractors Limited** (“the Company”) as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute

of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting includes obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations

of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For K.S. Rao & Co.,

Chartered Accountants

ICAI Firm's Registration No. 003109S

Place : Bengaluru

Date : May 25, 2017

Hitesh Kumar P

Partner

Membership No. 233734

BALANCE SHEET AS AT MARCH 31, 2017



(Amount in Rupees)

PARTICULARS	Notes	As at March 31, 2017	As at March 31, 2016
I Equity and liabilities			
(1) Shareholders' funds			
(a) Share capital	3	8,63,95,280	8,63,95,280
(b) Reserves and surplus	4	4,80,40,93,924	4,11,47,21,675
		4,89,04,89,204	4,20,11,16,955
(2) Non-current liabilities			
(a) Deferred tax liability (net)	5	3,71,42,495	4,56,58,179
(b) Other long-term liabilities	6	39,93,49,073	36,53,27,572
(c) Long-term provisions	7	2,70,30,877	2,13,13,767
		46,35,22,445	43,22,99,518
(3) Current liabilities			
(a) Trade Payables	8		
(i) Dues to micro and small enterprises		10,41,45,088	10,25,76,324
(ii) Dues to others		25,92,84,999	22,00,09,779
(b) Other current liabilities	9	45,28,26,862	36,65,48,576
(c) Short-term provisions	10	1,61,71,535	1,15,28,546
		83,24,28,484	70,06,63,225
TOTAL		6,18,64,40,133	5,33,40,79,698
II Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible Assets	11.1	1,26,59,68,803	1,26,99,23,509
(ii) Capital work-in-progress	11.2	10,30,32,208	2,82,86,573
(b) Non-current investments	12	57,29,37,629	16,46,84,857
(c) Long-term loans and advances	13	6,40,55,108	11,53,07,232
		2,00,59,93,748	1,57,82,02,171
(2) Current assets			
(a) Current Investments	14	1,53,57,10,472	1,19,82,07,449
(b) Inventories	15	70,69,66,519	80,37,45,324
(c) Trade Receivables	16	1,32,27,93,874	1,23,76,93,338
(d) Cash and Bank Balances	17	36,58,59,580	27,67,75,612
(e) Short Term Loans and Advances	18	23,37,39,301	23,22,02,684
(f) Other Current Assets	19	1,53,76,639	72,53,120
		4,18,04,46,385	3,75,58,77,527
TOTAL		6,18,64,40,133	5,33,40,79,698

Summary of significant accounting policies

2

The accompanying notes 1 to 44 are an integral part of the financial statements

As per our report of even date

For K.S. Rao & Co.,

Chartered Accountants

Firm Registration No: 003109S

Hitesh Kumar P

Partner

Membership No: 233734

For and on behalf of the Board of Directors of

V.S.T. Tillers Tractors Limited

V.P Mahendra

DIN:00033270

Vice Chairman & Managing Director

R.Thiyagarajan

Chief Financial Officer

K.M.Pai

DIN:01171860

Director

Chinmaya Khatua

Company Secretary

Membership No. 21759

Place : Bengaluru

Date : May 25, 2017

Place : Bengaluru

Date : May 25, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017



(Amount in Rupees)

PARTICULARS	Notes	For the year ended March 31, 2017	For the year ended March 31, 2016
I. Income			
(a) Revenue from operations	20	6,97,42,99,932	6,48,06,39,290
Less: Excise duty		2,30,96,181	1,39,35,461
Net Revenue from operations		6,95,12,03,751	6,46,67,03,829
(b) Other income	21	15,60,69,524	12,27,22,940
Total revenue (i)		7,10,72,73,275	6,58,94,26,769
II. Expenses			
(a) Cost of materials consumed	22	4,29,48,27,048	4,04,32,14,713
(b) Purchase of Stock in Trade		7,30,52,912	1,19,24,481
(c) Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	23	9,10,59,832	15,63,27,240
(d) Employee Benefit Expenses	24	58,51,99,480	45,41,26,978
(e) Finance Costs	25	2,97,60,564	2,56,25,290
(f) Depreciation and Amortisation Expenses	26	11,81,48,850	12,54,45,220
(g) Other expenses	27	91,97,46,697	67,24,67,913
Total (ii)		6,11,17,95,383	5,48,91,31,835
III. Profit Before Exceptional and Extra-Ordinary Items and Tax [(i) - (ii)]		99,54,77,892	1,10,02,94,934
IV. Exceptional Items		-	-
V. Profit Before Extra-Ordinary Items and Tax		99,54,77,892	1,10,02,94,934
VI. Extra-ordinary Items	42	3,30,71,754	-
VII. Profit Before Tax [(V) + (VI)]		1,02,85,49,646	1,10,02,94,934
VIII. Tax expenses			
a) Current tax		31,95,20,000	36,05,50,000
(b) Deffered Tax		(85,15,684)	(15,88,268)
Total Tax Expenses		31,10,04,316	35,89,61,732
IX. Profit After Tax [(VII) - (VIII)]		71,75,45,330	74,13,33,202
X. Earnings per equity share [nominal value of share Rs. 10/- [March 31, 2016 : Rs. 10/-]			
a) Basic		83.05	85.81
b) Diluted		83.05	85.81

Summary of significant accounting policies

2

The accompanying notes 1 to 44 are an integral part of the financial statements

As per our report of even date

For K.S. Rao & Co.,

Chartered Accountants

Firm Registration No: 003109S

Hitesh Kumar P

Partner

Membership No: 233734

For and on behalf of the Board of Directors of

V.S.T. Tillers Tractors Limited

V.P Mahendra

DIN:00033270

Vice Chairman & Managing Director

R.Thiyagarajan

Chief Financial Officer

K.M.Pai

DIN:01171860

Director

Chinmaya Khatua

Company Secretary

Membership No. 21759

Place : Bengaluru

Date : May 25, 2017

Place : Bengaluru

Date : May 25, 2017

CASHFLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017



(Amount in Rupees)

PARTICULARS	For the year ended March 31, 2017	For the year ended March 31, 2016
Cash flow from operating activities		
Profit before tax	1,02,85,49,646	1,10,02,94,934
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation	11,81,48,850	12,54,45,220
Interest income	(1,03,74,833)	(5,08,636)
Income from investments	(6,21,41,346)	(5,31,61,806)
Profit on sale of fixed assets	(3,32,10,568)	(3,46,091)
Provisions for bad and doubtful debts	2,25,54,101	9,68,167
Rent received	(1,12,65,658)	(1,18,90,190)
Profit on Sale of Investment	(23,17,013)	-
Provisions Written back	(1,95,45,500)	(4,54,63,500)
Unrealized foreign exchange gain	(4,00,318)	(16,04,010)
Finance cost	2,97,60,564	2,56,25,290
Advance amount written off	1,35,31,500	-
Reversal of diminution in the current investments	(52,94,186)	-
Operating profit before working capital changes	1,06,79,95,238	1,13,93,59,377
Movements in working capital :		
Trade payables, Other liabilities and Provisions	17,08,13,743	22,69,09,897
Trade receivables	(10,72,54,318)	(29,80,38,854)
Inventories	9,67,78,805	19,80,35,706
Loans and Advances and other current assets	4,29,08,686	(2,25,98,202)
Cash generated from / (used in) operations	1,27,12,42,154	1,24,36,67,924
Direct taxes paid including for the previous years	(37,62,41,932)	(39,18,59,955)
Net cash flow from/ (used in) operating activities (A)	89,50,00,222	85,18,07,969
Cash flows from investing activities		
Purchase of fixed assets, including CWIP	(35,59,46,698)	(8,10,52,717)
Proceeds from sale of fixed assets	3,40,57,390	18,41,322
Redemption/maturity of bank deposits	(8,85,147)	(27,48,977)
Sale/(Purchase) of investments	(53,84,12,970)	(41,13,34,369)
Interest received	1,03,74,833	5,08,636
Income from investment	6,21,41,346	5,31,61,806
Rent Received	1,12,65,658	1,18,90,190
Profit on sale of Investment	23,17,013	-
Net cash flow from/ (used in) investing activities (B)	(77,50,88,575)	(42,77,34,109)
Cash flows from financing activities		
Dividends paid on equity shares	-	(25,91,85,840)
Tax on equity dividend paid	-	(5,27,63,758)
Interest paid	(2,97,60,564)	(2,56,25,290)
Net cash flow from/ (used in) in financing activities (C)	(2,97,60,564)	(33,75,74,888)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	9,01,51,082	8,64,98,972
Cash and cash equivalents at the beginning of the year	26,60,71,446	17,95,72,474
Cash and cash equivalents at the end of the year	35,62,22,528	26,60,71,446
Components of cash and cash equivalents:		
Cash on hand	1,50,673	3,69,460
Cheques/ drafts on hand	1,08,01,479	1,71,54,455
With banks		
- on current account	34,52,70,376	24,85,47,531
- on deposit account	-	-
Total cash and cash equivalents	35,62,22,528	26,60,71,446

The accompanying notes 1 to 44 are an integral part of the financial statements

As per our report of even date

For K.S. Rao & Co.,

Chartered Accountants

Firm Registration No: 003109S

Hitesh Kumar P

Partner

Membership No: 233734

For and on behalf of the Board of Directors of

V.S.T. Tillers Tractors Limited

V.P Mahendra

DIN:00033270

Vice Chairman & Managing Director

R.Thiyagarajan

Chief Financial Officer

K.M.Pai

DIN:01171860

Director

Chinmaya Khatua

Company Secretary
Membership No. 21759

Place : Bengaluru

Date : May 25, 2017

Place : Bengaluru

Date : May 25, 2017

Note 1: Company overview

V.S.T. Tillers Tractors Limited (VTTL) was incorporated on December 18, 1967 in Bangalore, India. It was promoted by the VST Group, a well-known business house in South India, in technical collaboration and joint venture with Mitsubishi Heavy Industries and Mitsubishi Corporation, Japan for the manufacture of Power Tillers and Diesel Engines. The plant went into production in the year 1970.

In 1984, an additional technical and financial collaboration with Mitsubishi Agricultural Machinery Company Ltd, Japan for the manufacture of 18.5 HP, 4 wheel drive Tractor was entered into.

The company was incorporated for the purpose of manufacture and or deal with Tractor, Tillers, Diesel Engines, Harvestors, Reapers, Binders, Transplanters/ planters, Trench Cutters, Front end Loaders and all kinds of allied agricultural, plantation and horticultural machinery including attachments, components, accessories, spares implements and other equipments required for the satisfactory functioning of the agricultural equipments.

Note 2: Significant Accounting Policies

a) Basis of preparation

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Fixed Assets – Tangible

Fixed Assets are stated at cost and net of cenvat credit less accumulated depreciation. Cost of acquisition is

inclusive of freight, duties, levies and all incidental expenditure attributable to bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Assets under installation or under construction as at the balance sheet date are shown as capital work in progress.

d) Depreciation

Useful lives/ depreciation rates:

Pursuant to the enactment of the Companies Act 2013, the company has reviewed and revised the estimated useful life of fixed assets, generally in accordance with the provision of Schedule II of the Act or as assessed by the management. Useful lives of the assets are determined by the management based on the historical experience with similar assets as well as anticipation of future events, which may impact their life, such as change in technology and technical assessment of the assets.

The management estimates the useful lives as follows:

Buildings	3-60 years
Plant and Machinery	5-15 Years
Computer Equipment	3 Years
Office Equipment	5 Years
Vehicles	8 Years
Furniture and Fixtures	10 years

Leasehold improvements are amortised over shorter of estimated useful lives or Lease period.

Depreciation on tangible fixed assets / Investment Property (Buildings):

Depreciation is provided on straight line method at the rates based on the estimated useful lives of the assets or those prescribed under Schedule II of the Companies Act 2013.

e) Borrowing Costs

Borrowing costs that are attributable to acquisition construction or production of a qualifying asset are capitalized as a part of cost of such asset. All other borrowing costs are recognized as an expense in the year in which they are incurred.

f) Impairment of Assets

All fixed assets are assessed for any indication of impairment at each balance sheet date based on internal / external factors. On any such indication the impairment loss (being the excess of carrying value over the recoverable value of the asset) is immediately charged to the Statement of Profit and Loss. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cashflows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

g) Investments

The assets which are held by the Company for earning income by way of dividends, interests, and rentals, for capital appreciation or for other benefits to the Company are classified as investments.

Investment in land or buildings that are not intended to be occupied substantially for use by, or in the operations of the Company are classified as 'Investment Property'. The Company has stated the Investment Property at cost less any accumulated depreciation and accumulated impairment loss if any.

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Long-term investments are stated at cost except where there is a diminution in value other than temporary, in which case the carrying value is reduced to recognize the decline. Current investments are valued at lower of cost and fair value determined on an individual investment basis.

h) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition. Cost of raw materials, consumables, stores and spares, trading and other products are determined on weighted average basis.

i) Foreign exchange transactions

Foreign currency transactions are recorded in their reporting currency, at the exchange rates prevailing on the date of the transaction. Current assets and

current liabilities are translated at the exchange rate prevailing on the balance sheet date and the resultant gain / loss is recognised in the financial statements.

Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

In case of Forward Exchange Contracts or any financial instruments i.e. in substance a forward exchange contract to hedge the foreign currency risk which is on account of firm commitment and/ or is a highly probable forecast transaction the premium or discount arising at the inception of the contract is amortized as expense or income over the life of the contract.

j) Revenue recognition

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from operations includes sale of goods and services is net of Excise Duty, Service tax, VAT/ CST and trade discounts.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend is recognised when the shareholders' right to receive payment is established by the balance sheet date.

k) Retirement benefits to employees

i) Defined Contribution Plans

Contributions paid/payable to defined contribution plans comprising of provident fund and pension fund, employees state insurance etc., are charged to the Statement of Profit and Loss on accrual basis. The Company has no obligation, other than the contribution payable to the funds.

ii) Defined Benefit Plan

Gratuity for employees is generally covered under a scheme of Life Insurance Corporation of India, and contributions in respect of such scheme are recognised in the Statement of Profit and Loss. The liability as at the Balance Sheet date is provided for based on the actuarial valuation, based on Projected Unit Credit Method at the balance sheet date, carried out by an independent actuary. Actuarial Gains and Losses comprise experience adjustments and the effect of changes

in the actuarial assumptions and are recognised immediately in the Statement of Profit and Loss as income or expense.

iii) Other Long term employee benefits

Other Long term employee benefits comprise of Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date based on actuarial valuation carried out at each balance sheet date. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss as income or expense.

iv) Short term employee benefits

Short term employee benefits, including accumulated compensated absences as at the Balance Sheet date, are recognized as an expense as per Company's schemes based on the expected obligation on an undiscounted basis.

l) Research and Development

Revenue expenditure on Research and Development are included under respective heads of expenditure. Capital expenditure on Research and Development are treated in the same manner as expenditure on other fixed assets.

m) Taxes on Income

Provision for income tax comprises current taxes and deferred taxes. Current tax is determined on the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognized on timing differences being the differences between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred tax assets and liabilities are measured on the timing differences applying the tax rate and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised only to the extent that there is reasonable/virtual certainty supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realized.

n) Provisions

A provision is recognized when an enterprise has

a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions, other than employee defined benefits, are not discounted to their present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

o) Leases

Assets acquired under Leases, where the Company has substantially all the risks and rewards of ownership, are classified as finance leases. Such leases are capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

Assets acquired as leases, where a significant portion of the risk and rewards of ownership are retained by the less or, are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on accrual basis as per terms of the lease.

p) Warranty

The company periodically assesses and provides for the estimated liability on warranty given on sale of its products based on past experience of claims.

q) Segment Reporting

The Company has only one reportable business segment, which is manufacturing and trading of agriculture machinery and operates in a single business segment. Accordingly, the amounts appearing in the financial statements relate to the company's single business segment.

r) Earnings per share

The basic earnings per share are computed by dividing the net profit/ (loss) after tax for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share, if any are computed using the weighted average number of equity shares and dilutive potential equity share outstanding during the year.

(Amount In Rupees)

3 Share Capital

(a) Authorised:

1,00,00,000 (March 31,2016: 1,00,00,000) Equity Shares of Rs.10/- each.

10,00,00,000

10,00,00,000

(b) Issued, Subscribed and Paid-up :

86,39,528 (March 31,2016: 86,39,528) Equity Shares of Rs.10/- each paid up.

8,63,95,280

8,63,95,280

Total issued, subscribed and paid up share capital

8,63,95,280

8,63,95,280

(c) Reconciliation of the shares outstanding at the beginning and end of the reporting period

	As at March 31,2017		As at March 31,2016	
	Nos	Rs.	Nos	Rs.
Equity Shares				
At the beginning of the period	86,39,528	8,63,95,280	86,39,528	8,63,95,280
Movement during the year	-	-	-	-
Outstanding at the end of the year	86,39,528	8,63,95,280	86,39,528	8,63,95,280

(d) Terms / Rights attached to equity shares

- The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity share is entitled to one vote per share.
- In event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

(e) Details of shareholders holding more than 5% shares in the Company

	As at March 31,2017		As at March 31,2016	
	Nos	% holding	Nos	% holding
Equity shares of Rs. 10 each fully paid				
V.P.Mahendra	6,30,530	7.30%	6,30,530	7.30%
V.K.Surendra	18,08,679	20.93%	18,08,679	20.93%
	24,39,209	28.23%	24,39,209	28.23%

Includes all schemes under their management as per records of the company, including its register of shareholders/ members, the above shareholding represent legal ownership of shares.

(Amount In Rupees)

4 Reserves and Surplus

(A) Capital Reserve

Opening Balance	2,64,04,870	2,64,04,870
Add: Current year Transfers	-	-
Less: Written back in current year	-	-
Closing Balance	2,64,04,870	2,64,04,870

(B) Revaluation Reserve

Opening Balance	59,85,193	60,12,787
Add: Current year Transfers (Refer Note 40)	59,85,193	-
Less: Written back in current year	-	27,594
Closing Balance	-	59,85,193

(C) General Reserve

Opening Balance	3,00,00,00,000	3,00,00,00,000
Add: Current year Transfers	-	-
Closing Balance	3,00,00,00,000	3,00,00,00,000

(D) Balance in Statement of Profit and Loss

Opening Balance	1,08,23,31,612	51,65,58,753
Add: Profit for the year	71,75,45,330	74,13,33,202
	1,79,98,76,942	1,25,78,91,955

Less: Appropriations

Interim Dividend	-	12,95,92,920
Tax on distributed dividend	-	2,63,81,879
Transfer to General Reserve	-	-
CSR Expenditure	2,21,87,888	1,95,85,544
	2,21,87,888	17,55,60,343

Closing balance in the statement of Profit and Loss

	1,77,76,89,054	1,08,23,31,612
--	-----------------------	-----------------------

Total Reserves and Surplus (A+B+C+D)

	4,80,40,93,924	4,11,47,21,675
--	-----------------------	-----------------------

5 Deferred tax liability (net)

Deferred tax liabilities

On account of difference between tax depreciation and depreciation/ amortization charged for financial reporting	5,62,51,038	5,79,37,651
On account of employee benefits	22,18,828	-
Gross Deferred tax liability	5,84,69,866	5,79,37,651

Deferred tax assets

On account of Provision for bad debts and employee benefits	(2,13,27,371)	(1,22,79,472)
---	---------------	---------------

Net Deferred tax liability

	3,71,42,495	4,56,58,179
--	--------------------	--------------------

6 Other Long Term Liabilities

Rental Deposit	38,75,000	38,75,000
Dealer Deposits	39,09,47,135	35,73,08,185
Others	45,26,938	41,44,387
	39,93,49,073	36,53,27,572

(Amount In Rupees)

7 Long Term Provisions

Provision for employee benefits

Provision for Compensated leave absence

2,70,30,877

2,13,13,767

2,70,30,877

2,13,13,767

8 Trade Payables

Trade Payable

 - Dues to enterprises covered under MSMED Act, 2006
(refer Note No.29)

10,73,73,852

10,76,34,370

- Others

25,60,56,235

21,49,51,733

36,34,30,087

32,25,86,103

9 Other Current Liabilities

Unclaimed Dividend

54,81,515

74,33,776

Advance from Customers and Dealers

4,57,42,848

5,20,03,994

Incentives and marketing expenses payable

7,15,91,445

6,62,52,413

TDS Payable

70,90,597

60,76,944

VAT Payable

3,63,46,983

2,72,37,502

Other Statutory Dues

53,82,327

54,92,820

Staff Dues and Recoveries

5,45,48,808

4,91,50,319

Other Advances Received

5,85,275

5,85,275

Outstanding Expenses

19,20,71,028

12,45,17,386

CSR Payable

3,39,86,037

2,77,98,149

45,28,26,862

36,65,48,576

10 Short Term Provisions

Provision for Warranties

1,16,66,279

71,78,457

Provision for Gratuity

-

10,95,608

Provision for Compensated leave absence

45,05,256

32,54,481

1,61,71,535

1,15,28,546

11.1 TANGIBLE ASSETS

	Land	Buildings	Plant and Machinery	Computer Equipments	Office Equipments	Vehicles	Furniture & Fixtures	Total
Gross Block								
At April 1, 2015	47,50,53,635	46,56,44,583	81,04,40,943	4,88,36,124	89,22,793	2,47,86,204	1,21,16,457	1,84,58,00,739
Additions	-	81,23,566	2,73,77,758	33,04,830	17,44,601	81,05,949	13,40,898	4,99,97,602
Disposals	-	-	8,60,248	31,474	-	40,64,530	-	49,56,252
AS - 11 adjustments	-	-	-	-	-	-	-	-
Borrowing cost adjustments	-	-	-	-	-	-	-	-
At March 31, 2016	47,50,53,635	47,37,68,149	83,69,58,453	5,21,09,480	1,06,67,394	2,88,27,623	1,34,57,355	1,89,08,42,089
Additions	15,75,12,852	10,91,90,499	4,67,91,993	32,37,321	5,44,690	47,04,912	10,92,531	32,30,74,798
Disposals	2,438	1,17,647	10,45,667	34,500	-	19,32,358	-	31,32,610
Transfer to Investment Property	14,26,10,525	6,57,84,142	-	-	-	-	-	20,83,94,667
Reversal of Revaluation Reserve	55,05,122	15,64,065	-	-	-	-	-	70,69,187
At March 31, 2017	48,44,48,402	51,54,92,794	88,27,04,779	5,53,12,301	1,12,12,084	3,16,00,177	1,45,49,886	1,99,53,20,423
Accumulated Depreciation								
At April 1, 2015	-	6,26,67,414	39,91,75,379	2,05,71,069	33,32,844	1,03,76,711	27,83,370	49,89,06,787
Charge for the year	-	3,45,49,112	7,49,86,050	96,53,112	15,87,502	36,21,690	10,75,348	12,54,72,814
Disposals	-	-	-	-	-	-	-	-
Adjustments	-	-	3,22,775	31,474	-	31,06,772	-	34,61,021
At March 31, 2016	-	9,72,16,526	47,38,38,654	3,01,92,707	49,20,346	1,08,91,629	38,58,718	62,09,18,580
Charge for the year	-	2,88,03,519	6,54,84,935	1,49,29,001	20,80,202	38,49,546	12,30,687	11,63,77,890
Disposals	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-
Transfer to Investment Property	-	45,75,069	-	-	-	-	-	45,75,069
Reversal of Revaluation Reserve	-	10,83,994	-	-	-	-	-	10,83,994
Disposals	-	1,11,100	8,83,103	34,500	-	12,57,085	-	22,85,788
At March 31, 2017	-	12,02,49,882	53,84,40,486	4,50,87,208	70,00,548	1,34,84,090	50,89,405	72,93,51,619
Net Block								
At March 31, 2016	47,50,53,635	37,65,51,623	36,31,19,799	2,19,16,773	57,47,048	1,79,35,994	95,98,637	1,26,99,23,509
At March 31, 2017	48,44,48,402	39,52,42,912	34,42,64,293	1,02,25,092	42,11,536	1,81,16,087	94,60,481	1,26,59,68,803

11.2 CAPITAL WORK-IN-PROGRESS	As at March 31, 2016
Capital Work In progress	2,82,86,573
	<u>2,82,86,573</u>

(Amount In Rupees)

12 Non Current Investment

a) Investment Property - Non Trade

i) Land

Opening Gross Block

Add: Transfer From Tangible Assets (Refer Note 41)

Add: Additions

Less: Disposal

Closing Gross Block

ii) Buildings

Opening Gross Block

Add: Transfer From Tangible Assets (Refer Note 41)

Add: Additions

Less: Disposal

Closing Gross Block

Opening Accumulated Depreciation

Add: Transfer From Tangible Assets (Refer Note 41)

Add: Depreciation for the year

Closing Accumulated Depreciation

Net Block of Buildings as on March 31, 2016

Net Block of Buildings as on March 31, 2017

Total of Net Investment Property

b) Investment in Equity Instruments - Non Trade - UnQuoted - Joint Venture

MHI -VST Diesel Engines Private Limited -
41,50,000 Equity Shares of Rs.10 each.

c) Investment in Equity Instruments - Non Trade - Quoted

(i) Rane Holdings Limited

1,25,000 Equity shares of Rs.416.8916 each

(ii) Ambuja Cements Limited

10,000 Equity shares of Rs.225.5120 each

(iii) Asian Paints Limited

5,000 Equity shares of Rs.827.37 each

(iv) Axis Bank Limited

10,000 Equity shares of Rs.552.8275 each

(v) Infosys Limited

6,000 Equity shares of Rs.1,039.3188 each

As at March 31, 2017	As at March 31, 2016
-	-
14,26,10,525	-
-	-
-	-
14,26,10,525	-
-	-
6,57,84,142	-
-	-
-	-
6,57,84,142	-
-	-
45,75,069	-
17,70,960	-
63,46,029	-
-	-
5,94,38,113	-
20,20,48,638	-
4,15,00,000	4,15,00,000
4,15,00,000	4,15,00,000
5,21,11,449	5,21,11,449
22,55,113	22,55,113
41,36,857	41,36,857
55,28,298	55,28,298
62,35,913	62,35,913

(Amount In Rupees)
12 Non Current investment (Contd.)

	As at March 31, 2017	As at March 31, 2016
(vi) Larsen & Toubro Limited 6,000 Equity shares of Rs.1,677.3625 each	1,00,64,189	1,00,64,189
(vii) Sundaram Finance Limited 5,000 Equity shares of Rs.1,465.376 each	73,26,880	73,26,880
(viii) TATA Consultancy Services Limited 3,000 Equity shares of Rs.2,547.1062 each	76,41,354	76,41,354
(ix) CIPLA Limited 10,000 Equity shares of Rs.599.6156 each	59,96,156	30,51,015
(x) State Bank of India 18,000 Equity shares of Rs.262.8247 each	47,30,844	42,33,540
(xi) L&T Finance Limited 2,00,000 Nos. 8.15% NCP's of Rs.103.0012 each	2,06,00,249	2,06,00,249
(xii) Pidilite Industries Limited 4,000 Equity shares of Rs.690.42225 each	27,61,689	-
	12,93,88,991	12,31,84,857
d) Investment in Debentures - Non Trade - Unquoted		
(i) VST Motors Private Limited 2,000 nos.of 9% Secured NCD's of Rs.1,00,000 each	20,00,00,000	-
	20,00,00,000	-
Total of Non Current Investments	57,29,37,629	16,46,84,857
Aggregate value of Quoted Investments	12,93,88,991	12,31,84,857
Market Value of quoted investments as on 31st March 2017-Rs.16,97,95,100/- (as on 31st March 2016 - Rs.11,24,80,850/-)		
Aggregate value of Unquoted Investments	44,35,48,638	4,15,00,000

**13 Long Term Loans and Advances -
Unsecured, considered good**

Capital Advances	4,21,81,977	9,75,87,211
Security Deposits	2,07,80,864	1,58,32,042
Staff Special Advance	10,92,267	18,87,979
	6,40,55,108	11,53,07,232

(Amount In Rupees)

14 Current investments

(a) Investments in Mutual Fund - Unquoted

(valued at lower of cost or fair value)

i) BOI AXA Mutual Fund

BOI AXA Treasury Advantage Fund

1,01,763.375 (Previous Year : Nil) Units of Rs. 1,007.4498 each

10,22,90,873

-

BOI AXA Corporate Credit Spectrum Fund-Regular Plan

36,94,133.699 (Previous Year : 19,22,670.204 Units of
Rs.10.4022 each) Units of Rs. 12.2588 each

4,00,00,000

2,00,00,000

ii) ICICI Prudential Mutual Fund

ICICI Prudential Corporate Bond Fund

9,22,743.116 (Previous Year :9,22,743.116 Units of
Rs.23.0779 each) Units of Rs.25.3684 each

2,00,00,000

2,00,00,000

ICICI Focused Bluechip Fund

5,26,079.306(Previous Year : 5,26,079.306 Units of Rs.27.52 each)
Units of Rs.34.34 each

1,50,00,000

1,44,77,700

ICICI Prudential Long Term Gilt Fund-RP-Growth

Current year- Nil (Previous Year : 2,06,163.848 Units of
Rs.50.1126 each)

-

1,00,00,000

ICICI Flexible Income Plan-Daily Dividend

19,93,385.179 (Previous Year : 4,72,876.716 Units of
Rs.105.7358 each) units of Rs.105.7358 each

21,07,72,177

5,00,00,000

iii) Reliance Mutual Fund

Reliance Money Manager Fund

19,432.153 (Previous Year 99,837.909 Units of Rs.1,004.2175 each)
Units of Rs.1,007.5000 each

1,95,77,894

10,02,58,975

Reliance Equity Opportunities Fund-Growth Plan

Current year-Nil (Previous Year: 2,05,635.771 Units of
Rs.66.4116 each)

-

1,36,56,601

Reliance Gilt Securities Fund-Growth Plan

Current year-Nil (Previous Year : 2,71,027.683 Units of
Rs.19.1403 each)

-

50,00,000

Reliance Arbitrage Fund

20,51,264.090 (Previous Year : 19,19,298.048 Units of
Rs.10.4982 each) units of Rs.10.5947 each

2,14,81,451

2,04,39,185

Reliance Liquid Fund-Treasury Plan

Current year-Nil (Previous Year : 65,738.828 Units of
Rs.1,528.7400 each)

-

10,04,97,576

iv) Birla Sunlife Mutual Fund

Birla Sun Life Front Line Equity Fund-Growth-Regular Plan

95,365.379 (Previous Year : 95,365.379 Units of Rs.155.48 each)
Units of Rs.193.10 each

1,50,00,000

1,48,24,548

(Amount In Rupees)

14 Current investments (Contd.)

	As at March 31, 2017	As at March 31, 2016
Birla Sunlife MNC Fund-Growth		
8,843.023 (Previous Year : 4,476.516 Units of Rs.560.98 each) Units of Rs.631.64 each	50,00,000	25,00,000
v) TATA Mutual Fund		
TATA Money Market Fund-Plan A-Daily Dividend		
92,751.493 (Previous Year: Nil) Units of Rs.1,001.5157 each	9,28,92,075	-
TATA Balanced Fund Plan A - Growth		
59,044.207 (Previous Year: 59,044.207 Units of Rs.163.6246 each) Units of Rs.191.6845 each	1,00,00,000	96,61,085
TATA Gilt Mid Term Fund -Regular Plan-Growth		
Current year-Nil(Previous Year : 6,31,584.728 Units of Rs.16.4666 each)	-	1,00,00,000
TATA Liquid Fund - Regular Plan-Daily Dividend		
Current year-Nil (Previous Year :1,41,500.784 Units of Rs.1,001.5157 each)	-	15,07,47,603
vi) SBI Mutual Fund		
SBI Magnum Gilt Fund-Long Term-Regular Plan-Growth		
Current year-Nil (Previous Year: 1,60,462.646 Units of Rs.31.1599 each)	-	50,00,000
SBI Blue Chip Fund		
5,15,071.081 (Previous Year: 5,15,071.081 Units of Rs.27.9209 each) Units of Rs.33.5722 each	1,50,00,000	1,43,81,248
vii) Kotak Mutual Fund		
Kotak Select Focus Fund-Growth		
6,41,137.180 (Previous Year : 6,41,137.180 Units of Rs.22.162 each) Units of Rs.28.742 each	1,50,00,000	1,42,08,882
Kotak Medium Term Fund-Growth		
17,16,929.786 (Previous Year : 17,16,929.786 Units of Rs.12.2747 each) Units of Rs.13.5378 each	2,00,00,000	2,00,00,000
Kotak 50 Equity Scheme-Growth		
Current Year-Nil (Previous Year : 28,162.668 Units of Rs.165.629 each)	-	46,64,555
Kotak Equity Arbitrage Fund-Growth		
9,45,559.417 (Previous Year : 9,45,559.417 Units of Rs.22.0322 each) Units of Rs.23.4218 each	2,00,00,000	2,00,00,000
viii) HDFC Mutual Fund		
HDFC Corporate Debt Opportunities Fund		
50,79,595.595 (Previous Year :34,79,403.572 Units of Rs.12.272 each) Units of Rs.13.5580 each	6,00,00,000	4,00,00,000
HDFC Balanced Fund - Growth		
46,827.002 (Previous Year : 46,827.002 Units of Rs.106.336 each) Units of Rs.131.068 each	50,00,000	49,79,396

(Amount In Rupees)
14 Current investments (Contd.)

	As at March 31, 2017	As at March 31, 2016
HDFC Equity Fund-Growth		
20,948.594(Previous Year: 20,948.594 Units of Rs.416.701 each) Units of Rs.543.769 each	1,00,00,000	87,29,300
HDFC Small Cap Fund Regular-Growth		
3,16,505.776 (Previous year-Nil) units of Rs.33.621 each	1,00,00,000	-
HDFC Arbitrage Fund		
20,68,156.672(Previous Year: 19,30,999.718 Units of Rs.10.437 each) Units of Rs.10.515 each	2,15,32,011	2,04,45,549
HDFC Floating Rate Income Fund-Short Term Plan		
2,38,63,530.027 (Previous Year: 1,49,75,399.783 Units of Rs.10.0809 each) Units of Rs.10.0809 each	24,05,65,860	15,09,65,508
ix) Franklin Templeton Mutual Fund		
Franklin India Dynamic Accrual Fund		
8,30,844.256 (Previous Year : 8,30,844.256 Units of Rs.50.901 each) Units of Rs.56.7544 each	4,00,00,000	4,00,00,000
Franklin India Bluechip Fund		
42,500.016 (Previous Year : 42,500.016 Units of Rs.344.2319 each) Units of Rs.408.7507 each	1,50,00,000	1,46,29,861
Franklin India Corporate Bond Opportunities Fund		
27,72,285.455 (Previous Year : 27,72,285.455 Units of Rs.15.084 each) Units of Rs.16.7042 each	4,00,00,000	4,00,00,000
Franklin India Prima Plus Fund		
22,725.992 (Previous Year : 22,725.992 Units of Rs.432.228 each) Units of Rs.520.5571 each	1,00,00,000	98,22,808
x) L&T Mutual Fund		
L&T Liquid Fund-Daily Dividend Reinvestment Plan		
1,04,124.114 (Previous Year : 2,04,127.580 Units of Rs.1,011.7382 each) Units of Rs.1,011.7794 each	10,53,12,408	10,05,02,565
L&T India Value Fund		
3,70,463.453 (Previous Year : 1,04,791.047 Units of Rs.23.9230 each) Units of Rs. 32.174 each	1,00,00,000	25,00,000
L&T Income Opportunities Fund-Growth		
11,56,089.412(Previous Year : Nil) Units of Rs.18.665 each	2,00,00,000	-
xi) IDFC Mutual Fund		
IDFC Ultra Short Term Fund-Daily Dividend-Regular Plan		
1,09,68,131.249 (Previous Year : 100,44,832.397 Units of Rs.10.0292 each) Units of Rs.10.0712 each	11,01,10,819	10,07,41,633
IDFC Arbitrage Fund		
32,53,434.91 (Previous Year : Nil) Units of Rs.12.6509 each	4,11,74,905	-
IDFC Classic Equity Fund-Growth		
1,33,849.099 (Previous Year : Nil) Units of Rs.38.8264 each	50,00,000	-
xii) DSP Blackrock Mutual Fund		
DSP Blackrock Income Opportunities Fund-Growth		
7,99,379.681 (Previous Year : Nil) Units of Rs.26.8778 each	2,00,00,000	-

(Amount In Rupees)
14 Current investments (Contd.)
xiii) Axis Mutual Fund
Axis Liquid Fund-Growth

95,639.967 (Previous Year: 44,539.253 Units of Rs.1,000.7548 each)

Units of Rs.1,000.8769 each

- 4,45,72,871

(b) Investments in others - Inter Corporate Deposit
i) Gove Finance Limited

9% p.a. Inter Corporate Deposit

15,00,00,000 -

Total of Current Investments

1,53,57,10,472 1,19,82,07,449

Aggregate value of Unquoted Investments

1,53,57,10,472 1,19,82,07,449

Aggregate provision made for diminution in value of Investments

- 52,94,186

15 Inventories

Raw material and Components

17,57,33,651 18,29,07,137

Work-in-Progress

6,64,31,119 4,94,02,632

 Finished Goods (Goods in Transit March 31 , 2017 - 2,02,72,046 ;
March 31, 2016 - 3,65,17,806)

25,20,66,171 38,10,24,854

 Stock in Trade (Goods in Transit March 31 , 2017 - 3,56,637 ;
March 31, 2016 - 2,85,332)

19,58,36,543 17,49,66,180

Loose Tools

1,04,36,189 99,79,305

 Machinery Spares and Others (Goods in Transit March 31, 2017 -
38,88,510 ; March 31, 2016 - 29,07,111)

64,62,845 54,65,216

70,69,66,519 80,37,45,324

16 Trade Receivables
Secured :-

Considered Good - Outstanding for more than six months

8,75,80,988 5,17,50,083

Considered Good - Others

35,49,69,027 26,42,91,045

Unsecured:-

Considered Good - Outstanding for more than six months

8,69,60,784 9,19,35,199

Considered Good - Others

79,32,83,075 82,97,17,011

Doubtful - Outstanding for more than six months

3,00,89,418 98,17,745

Total

1,35,28,83,292 1,24,75,11,083

Less: Provisions for doubtful trade receivables

3,00,89,418 98,17,745

Trade Receivables (Net)

1,32,27,93,874 1,23,76,93,338

(Amount In Rupees)
17 Cash and Cash Equivalents
Cash and Cash Equivalents

Cash on hand	1,50,673	3,69,460
On current Accounts	34,52,70,376	24,85,47,531
Cheques on hand	1,08,01,479	1,71,54,455
	<u>35,62,22,528</u>	<u>26,60,71,446</u>

Other Bank Balances

Deposits with Banks	1,50,000	1,50,000
Margin Money Deposits	40,05,537	31,20,390
Earmarked Balances with Banks	54,81,515	74,33,776
	<u>96,37,052</u>	<u>1,07,04,166</u>
	<u>36,58,59,580</u>	<u>27,67,75,612</u>

18 Short term Loans and Advances

Advances to employees	51,97,034	37,15,099
Advances to suppliers	18,09,107	77,05,988
Cenvat Receivable	45,64,098	38,03,830
VAT Receivable	2,03,97,838	9,99,13,367
Service Tax Receivable	1,24,565	1,24,565
TDS Receivable	1,26,31,974	55,31,042
Advance Income tax (Net of Provisions)	14,77,95,168	9,81,74,168
Others	4,12,19,517	1,32,34,625
	<u>23,37,39,301</u>	<u>23,22,02,684</u>

19 Other Current Assets

Income Accrued but not Due	89,65,324	72,53,120
Gratuity Fund Asset	64,11,315	-
	<u>1,53,76,639</u>	<u>72,53,120</u>

20 Revenue from Operations

Sale of Products	6,95,35,49,440	6,45,26,65,517
Sale of Services	65,51,162	93,59,285
Other Operating Revenues	1,41,99,330	1,86,14,488
	<u>6,97,42,99,932</u>	<u>6,48,06,39,290</u>
Less: Excise duty	2,30,96,181	1,39,35,461
Net Revenue from Operations	<u>6,95,12,03,751</u>	<u>6,46,67,03,829</u>

21 Other Income

Miscellaneous Receipts	59,34,813	36,13,441
Gain on Foreign Exchange Fluctuations (Net)	4,00,318	16,04,010
Profit on sale of Assets	1,38,814	3,46,091
Insurance claims	41,39,205	61,35,266
Interest	1,03,74,833	5,08,636
Dividend	6,21,41,346	5,31,61,806
Profit on sale of Investments	23,17,013	-
Rent Received	1,58,15,658	1,18,90,190
Reversal of diminution in the current investments	52,94,186	-
Sundry credit balances written back	1,95,45,500	4,54,63,499
Interest Income (Overdue Interest from Dealers)	2,99,67,836	-
	<u>15,60,69,524</u>	<u>12,27,22,940</u>

(Amount In Rupees)
22 Cost of Material Consumed

	For the year ended March 31, 2017	For the year ended March 31, 2016
Castings	93,48,67,265	84,81,72,045
Forgings	1,24,29,33,754	1,28,45,06,068
Sheet Metal Components	72,20,46,214	70,67,12,973
Tyres & Tubes	6,41,50,739	6,56,04,127
Others	1,33,08,29,076	1,13,82,19,500
	4,29,48,27,048	4,04,32,14,713

**23 Changes in Inventories of Finished goods,
Work in Progress and Trading Goods**
Opening Stock

Work in Progress	4,94,02,632	2,50,98,524
Finished Goods and Stock in Trade	55,59,91,034	73,66,22,382
	60,53,93,666	76,17,20,906

Less: Closing Stock

Work in Progress	6,64,31,119	4,94,02,632
Finished Goods and Stock in Trade	44,79,02,715	55,59,91,034
	51,43,33,834	60,53,93,666

(Increase)/Decrease in stock

9,10,59,832	15,63,27,240
--------------------	--------------

24 Employee Benefit Expenses

Salaries, Wages and Bonus	51,44,35,246	42,24,72,429
Contribution to Funds	4,84,35,880	1,40,47,385
Welfare Expenses	2,23,28,354	1,76,07,165
	58,51,99,480	45,41,26,978

25 Finance Cost

Interest on others	2,97,60,564	2,56,25,290
	2,97,60,564	2,56,25,290

26 Depreciation and Amortisation Expenses

Depreciation of Tangible assets	11,63,77,890	12,54,45,220
Depreciation on Investment Property	17,70,960	-
	11,81,48,850	12,54,45,220

(Amount In Rupees)

27 Other Expenses

	For the year ended March 31, 2017	For the year ended March 31, 2016
Power and Fuel	3,90,06,534	3,74,79,257
Stores & Tools Consumed	3,01,22,877	3,26,14,319
Warranty Expenses	1,44,96,563	1,58,29,620
Consultancy and Legal Charges	1,66,68,132	84,76,686
Payment to Statutory Auditors (excluding Service tax)		
- Audit Fee	15,00,000	15,00,000
- Tax Audit Fee	3,00,000	3,00,000
- ICFR	-	4,00,000
- Reimbursement of expenses	1,03,393	2,12,452
Payment to Cost Auditors		
- Audit Fee	2,00,000	2,00,000
- Reimbursement of expenses	45,296	-
Donation	50,000	50,000
Fees, Rates and Taxes	3,53,47,700	3,18,89,036
Directors sitting fees	22,00,000	15,45,000
Insurance	44,94,485	33,37,405
Rent	69,75,888	62,65,814
Repairs to Buildings	45,72,497	69,04,735
Repairs to Machinery	1,82,88,149	1,70,48,369
Repairs & Maintenance	2,93,68,502	2,80,43,775
Research and Development	1,08,81,115	31,17,129
Bank Charges	9,24,140	21,59,150
Travelling and Conveyance	6,81,15,841	3,91,32,597
Communication expenses	92,87,095	65,91,715
Advance written off	1,35,31,500	-
Miscellaneous Expenses	1,32,85,931	96,21,304
Advertisement & Promotion	7,79,83,130	5,09,58,424
Freight and Distribution	16,09,76,827	15,47,88,834
Selling Expenses	27,28,33,869	20,98,14,658
Service Expenses	6,56,33,133	32,19,467
Provision for bad and doubtful debts	2,25,54,101	9,68,167
	91,97,46,697	67,24,67,913

28 Contingent Liabilities

a) Cases filed by customers in various consumer courts not acknowledged as debts	13,97,000	30,39,500
b) Appeals filed by the company in respect of Income tax matters	3,68,87,768	3,52,42,274
c) Appeals filed by the company in respect of Customs matters	21,05,228	8,86,267
d) Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	13,94,04,083	9,58,08,740
e) Bank guarantees issued to Government agencies by way of security	1,31,95,850	5,26,29,024

The vendor financing facility with M/s Standard Chartered Bank Limited aggregating to Rs.50.00 crores to the vendors of the company is with recourse.

(Amount In Rupees)
29 Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act)

Particulars	As at March 31, 2017		As at March 31, 2016	
	Principal	Interest	Principal	Interest
Amount due to vendor	10,73,73,852	-	10,76,34,370	-
Principal amount paid (includes unpaid) beyond appointed date	-	-	-	-
Interest due and payable for the year	-	-	-	-
Interest accrued and remaining unpaid	-	-	-	-

Based on the information available with the company there are no Micro, Small and Medium Enterprises, to which the company owes dues, which are outstanding for more than 45 days as at 31st March 2017. Further, no interest during the year has been paid or payable under the terms of the MSMED Act, 2006. Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Company.

30 The Actuarial value of gratuity liability as at 31st March 2017 is Rs. 8,80,92,911/- (31st March, 2016 is Rs. 6,63,74,616/-) as per the workings under AS 15 (Revised) issued by the Institute of Chartered Accountants of India.

The following table sets out the funded status of the gratuity plans and the amounts recognised in the company's financial statements as at March 31, 2017.

a) Assumption :	As at March 31, 2017	As at March 31, 2016
Discount rate	7.40%	8.00%
Salary Escalation	5%	5%
b) Table showing changes in present value of obligation :	As at March 31, 2017	As at March 31, 2016
Present value of obligation as at beginning of year	6,63,74,616	7,44,01,266
Current service cost	38,55,912	31,16,568
Interest cost	48,08,226	55,82,499
Benefits paid	(1,25,43,586)	(1,00,28,085)
Actuarial(gain)/loss on obligation	2,55,97,743	(66,97,632)
Present value of obligation as at end of year	8,80,92,911	6,63,74,616
c) Table showing changes in the fair value of plan assets:	As at March 31, 2017	As at March 31, 2016
Fair value of plan assets at beginning of year	6,52,79,008	6,35,10,986
Expected return on plan assets	59,77,331	49,21,743
Contributions	3,56,03,240	63,59,649
Benefits paid	(1,25,43,586)	(1,00,28,085)
Actuarial gain/(loss) on plan assets	1,88,233	5,14,715
Fair value of plan assets at end of year	9,45,04,226	6,52,79,008
d) Table showing expenses recognised in the statement of Profit and Loss:	As at March 31, 2017	As at March 31, 2016
Current Service Cost	38,55,912	31,16,568
Interest on obligation	48,08,226	55,82,499
Expected return on plan assets	(59,77,331)	(49,21,743)
Actuarial(gain)/loss	2,54,09,510	(72,12,347)
Total included in employee benefits	2,80,96,317	(34,35,023)

	As at March 31, 2017	As at March 31, 2016
e) Actuarial Gain / Loss recognised :		
Actuarial (gain) / Loss on obligations	2,55,97,743	(66,97,632)
Actuarial (gain) / Loss for the year on plan assets	(1,88,233)	(5,14,715)
Total (gain) / loss for the year	2,54,09,510	(72,12,347)

(Amount In Rupees)

	As at March 31, 2017	As at March 31, 2016
f) The amount to be recognised in the Balance Sheet and statement of Profit and Loss :		
Present value of obligation as at the end of the year	8,80,92,911	6,63,74,616
Fair value of plan assets as at the end of the year	9,45,04,226	6,52,79,008
Net assets / (Liability) recognised in Balance Sheet	64,11,315	(10,95,608)

Notes :

- The estimates of future salary increases considered in actuarial valuation take into consideration for inflation, seniority, promotion and other relevant factors.
- The expected return on plan assets is determined considering several applicable factors such as the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the company's policy for plan assets is expected to vary from year to year reflecting the returns on matching Government bonds.

31 Related Party Transactions:

Information given in accordance with the requirements of Accounting Standard 18 - Related party disclosures notified by Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013.

Name of the Related Party	Nature of Relationship
a) Mitsubishi Heavy Industries-VST Diesel Engines Private Limited	Associates/Joint Ventures
b) Anand & Associates	Associates/Joint Ventures
c) Automobile Service Centre	Associates/Joint Ventures
d) VST & Sons	Associates/Joint Ventures
e) Gove Finance Limited	Common Director
f) VST Motors Private Limited	Company where directors are interested
g) Mr.V.P.Mahendra	Key Management Personnel
h) Mr.B.C.S.Iyengar	Key Management Personnel
i) Mr.R.Thiyagarajan#	Key Management Personnel

	Transactions for For the year ended 31 March, 2017	Transactions for For the year ended 31 March, 2016
I. Nature of Transactions:		
a) Supply of machined components and provide facilities for inspection of Components Mitsubishi Heavy Industries - VST Diesel Engines Private Limited	96,60,789	93,56,185
b) Renting of immovable Property Mitsubishi Heavy Industries-VST Diesel Engines Private Limited	25,85,636	25,62,602
c) Architectural profession services - Anand Associates	41,31,250	1,14,500
d) Renting of immovable properties-Automobile Service Centre	27,58,000	27,33,440
e) Payment of Royalty towards utilisation of group Logo - VST & Sons	6,94,774	6,46,053
f) Sale of Car - Mr.B.C.S.Iyengar	367,939	-
g) Investment in NCD'S - VST Motors Private Limited	20,00,00,000	-
h) Investment in Inter Corporate Deposits - Gove Finance Limited	15,00,00,000	-

(Amount In Rupees)

	Transactions for For the year ended 31 March, 2017	Transactions for For the year ended 31 March, 2016
II. Balances at 31st March 2017		
a) Payable/(Receivable)		
Mitsubishi Heavy Industries - VST Diesel Engines Private Limited	(12,37,703)	(32,79,189)
Anand Associates	1,62,750	-
VST & Sons	6,94,774	6,46,053
VST Motors Private Limited	(20,00,00,000)	-
Gove Finance Limited	(15,00,00,000)	-
III. Managerial Remuneration* :		
a) Mr.V.P.Mahendra	77,49,081	77,49,901
b) Mr.B.C.S.Iyengar	4,52,760	54,23,602
c) Mr.R.Thiyagarajan	20,36,651	-
	1,02,38,492	1,31,73,503

* Managerial remuneration includes Commission.

^ Mr.B.C.S.Iyengar has resigned from the post of Whole time director with effect from April 30, 2016.

Mr.Thiyagarajan has served as Whole time director and CFO for the period October 19 , 2016 to March 31, 2017.

32 Corporate Social Responsibility (CSR) Expenditure

CSR amount required to be spent by the Company during the year is Rs. 2,21,87,888

(Amount in Rs.)

Amount Spent During the Year	Paid in Cash	Yet to be paid in Cash	Total
On construction or acquisition of any asset	-	-	-
On purpose other than above	1,60,00,000	-	1,60,00,000
Total	1,60,00,000	-	1,60,00,000

Details of amount spent on each head

(Amount in Rs.)

Head	Paid in Cash	Yet to be paid in Cash	Total
Corpus Fund for CSR activities (Kamalabai Education Trust)	1,00,00,000	-	1,00,00,000
Corpus Fund for CSR activities (V.S.Thiruvengadaswamy Mudaliar Memorial Tust)	50,00,000	-	50,00,000
Enhancing livelyhood of disabled (Association of people for disability)	10,00,000	-	10,00,000
Total	1,60,00,000	-	1,60,00,000

Movement in the provision for CSR Expenditure during the year

(Amount in Rs.)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening Balance of Provision	2,77,98,149	1,77,12,605
(+) Provision created during the year	2,21,87,888	1,95,85,544
(-) Amount spent during the year	1,60,00,000	95,00,000
Closing Balance of Provision	3,39,86,037	2,77,98,149

(Amount In Rupees)

	For the year ended March 31, 2017	For the year ended March 31, 2016
33 Basic and Diluted earnings per share		
a) Profit After Tax for the year (in Rs.)	71,75,45,330	74,13,33,202
b) Weighted Average Number of Equity Shares Outstanding	86,39,528	86,39,528
Earnings Per Share (Rs.) - Basic (Face Value of Rs.10 per share)	83.05	85.81
Earnings Per Share (Rs.) - Diluted (Face Value of Rs.10 per share)	83.05	85.81

34 Expenditure on Research & Development

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
a) Revenue Expenditure		
Salaries & allowances of R&D Staff	1,45,68,862	1,36,97,180
Testing Fees paid to ARAI, Pune & CFMTTI, Budni	54,71,499	15,46,607
Development Charges	28,67,711	15,54,328
Others	25,41,906	16,194
Depreciation on R&D Assets	23,47,907	23,70,413
Total (a)	2,77,97,885	1,91,84,722
b) Capital Expenditure:		
Machineries	1,37,22,955	47,23,995
Total (b)	1,37,22,955	47,23,995
Grand Total (a) + (b)	4,15,20,840	2,39,08,717

35 a) CIF Value of Imports :

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
i) Components and spares	10,27,04,237	1,27,48,100
Total	10,27,04,237	1,27,48,100

	For the year ended March 31, 2017	For the year ended March 31, 2016
b) Expenditure in Foreign Currency :		
i) Travelling	12,22,170	14,57,983
ii) Commission paid	-	35,75,061
iii) Others	12,18,376	11,03,983
Total	24,40,546	61,37,027

c) Value of Imported and Indigenous Materials and components consumed :

Particulars	For the year ended March 31, 2017		For the year ended March 31, 2016	
	Amount	% to total consumption	Amount	% to total consumption
i) Imported	8,94,51,066	2.08%	13,69,07,332	3.39%
ii) Indigenous	4,20,53,75,982	97.92%	3,90,63,07,381	96.61%
	4,29,48,27,048	100.00%	4,04,32,14,713	100.00%

(Amount In Rupees)

36 Earnings in Foreign Exchange:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
a) Export of goods on FOB basis	9,73,73,743	15,20,69,590
b) Others (Freight, Insurance etc.)	47,93,751	19,06,585
Total	10,21,67,494	15,39,76,175

37 Remittances in Foreign Currency during the year on account of Dividend

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
a) Amount Remitted (Net of tax)	37,96,875	37,96,875
b) Number of Non Resident shareholders	1	1
c) Number of Shares on which Dividend was due	2,53,125	2,53,125

38 Derivative Instruments

Foreign Currency Exposure that are not hedged by a derivative instruments or otherwise are as follows:

Particulars	As at March 31, 2017		As at March 31, 2016	
	Amount in Foreign Currency	Amount in INR	Amount in Foreign Currency	Amount in INR
<u>Assets</u>				
Trade Receivables				
(in USD)	1,04,851	66,44,210	2,29,778	1,51,35,447
(in GBP)	2,26,048	1,79,88,885	1,22,768	1,15,63,557
<u>Liabilities</u>				
Trade Payables - (in EURO)	-	-	-	-
Trade Payables - (in USD)	-	-	19	1,132
Accrued Expenses - (in GBP)	-	-	15,628	15,05,580
Advance from Customers - (in GBP)	-	-	435	41,908

39 As per notification number G.S.R.308(E) dated March 30, 2017, the Ministry of Corporate Affairs have made amendment to schedule III of Companies Act 2013, requiring every company to disclose the details of Specified Bank Notes(SBN) held and transacted during the period November 08, 2016 to December 30, 2016.

Specified Bank Notes held and transacted during the period November 8, 2016 to December 30, 2016

Particulars	Specified Bank Notes	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	1,60,000	74,133	2,34,133
Add: Permitted receipts	-	5,94,261	5,94,261
Add: Non Permitted receipts*	7,500		7,500
Less: Permitted payments	9,000	5,77,652	5,86,652
Less: Amount deposited in Banks	1,58,500	-	1,58,500
Closing cash in hand as on December 30, 2016	-	90,742	90,742

* The Travel Advance given in specified bank notes to Employee was received on 9th November 2016 from the Employee since the same cannot utilised for his travel purpose.

- 40** During the year, the company has adopted cost model for fixed assets/Property Plant and Equipment based on Companies (Accounting Standards) Amendment Rules, 2016 and thereby the outstanding amount of Rs.59,85,193/- in Revaluation Reserve is adjusted against the carrying amount of that asset/item which were revalued earlier.
- 41** During the year, the company has transferred Land amounting to Rs.14,26,10,525 (Gross Block) and Building amounting to Rs.6,57,84,142/- (Gross Block) and related accumulated depreciation of Rs.45,75,069/- from Fixed Assets/Property Plant and Equipment to Investment Property which are held for earning income by way of rental or for capital appreciation based Companies (Accounting Standards) Amendment Rules, 2016.
- 42** Extraordinary item for the year ended March 31, 2017 is the Profit from sale of land amounting to Rs.3,30,71,754/- on account of compulsory acquisition of portion of land at Mahadevapura, Bengaluru.
- 43** The Board of Directors of the company have proposed dividend of 150% (Rs. 15/per Equity share).
- 44** Previous year figures have been recast/restated to confirm to the classification of the current year.

As per our report of even date
For K.S. Rao & Co.,
 Chartered Accountants
 Firm Registration No: 003109S

Hitesh Kumar P
 Partner
 Membership No: 233734

Place : Bengaluru
 Date : May 25, 2017

For and on behalf of the Board of Directors of
V.S.T. Tillers Tractors Limited

V.P Mahendra
 DIN:00033270

Vice Chairman & Managing Director

R.Thiyagarajan
Chief Financial Officer

K.M.Pai
 DIN:01171860

Director

Chinmaya Khatua
Company Secretary
 Membership No. 21759

Place : Bengaluru
 Date : May 25, 2017

SALE OF PRODUCTS

Details of Production, Sales Quantity, Value & Other Operating Income

CLASS OF GOODS	01-04-2016 - 31-03-2017			01-04-2015 - 31-03-2016		
	Production Quantity Nos.	Sales		Production Quantity Nos.	Sales	
		Quantity Nos.	Value Rs.		Quantity Nos.	Value Rs.
a) Power Tillers	25,470	25,515	3,37,79,86,580	27,202	27,387	3,53,61,29,451
b) Tractors	9,000	9,635	2,71,35,86,813	7,850	7,801	2,06,87,79,953
c) Rice Transplanters		417	7,68,36,908		589	10,44,68,953
d) Reapers		358	3,40,56,490		494	4,83,77,637
e) Spares			52,62,17,207			48,05,41,905
f) Others			20,83,20,423			20,97,91,442
g) Operating Income			1,41,99,330			1,86,14,488
Total			6,95,12,03,751			6,46,67,03,829



VST SHAKTI MT 270 VIRAAAT PLUS



VST SHAKTI MT 171 DI SAMRAAT



VST YANJI SHAKTI RICE TRANSPLANTER



VST SHAKTI 135 DI ULTRA.S



VST SHAKTI 130 DI

V.S.T. TILLERS TRACTORS LTD.

(CIN-L34101KA1967PLC001706)

Regd. Office : Plot No. 1, Dyavasandra Indl. Layout,
Whitefield Road, Mahadevapura Post, Bangalore – 560 048

Phone: 91-80- 67141111

Fax: 91-80-28510221 **E-mail :** sales@vsttillers.com

Do Follow us on :    www.vsttillers.com

Toll Free Number 1800 419 0136